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Ideas on Liberty

FEBRUARY 1972

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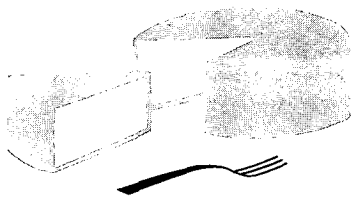
Why can't we have both?

JEAN HOCKMAN



THE CURRENT political discussion in the United States centers on how to control the economy. Not *should* the government control the economy but *how!* The propriety of government intervention into the private financial affairs of the people is a question long overdue.

For years America has been trying to "solve the problem" of how to have her cake and eat it too. Expert and layman alike struggle to understand why the government can't spend money it doesn't have and still remain solvent; why we can't have government handouts without raising taxes; and why every American can't be financially secure, with enough left over to support the poor on a global scale. Just what miracle do Americans believe will be forthcoming?

Let us leave aside opinions of economic experts who insist that a government-managed economic system is necessary, or superior to, or consistent with freedom. (This last, despite the fact that the historical record of all such attempts reveals that the people are required to live in a state of forced subjugation to the leadership, in behalf of the nation and/or the "common good.") Instead, let us apply an ingredient that has all but vanished from the American scene – common sense.

Federal bureaucracy is spreading (unchecked) over our land like a fungus. And like fungus, it feeds off the main crop, i.e., the earnings of the people. A fungus is a parasite that attaches itself to healthy growth, gradually weakening and ultimately destroying it. If the fungus is caught and destroyed, the main crop will be free to re-

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cover and continue its healthy growth at its own speed. If the fungus is allowed to spread, it gathers momentum, perpetuating itself until there is nothing left to feed on. So it is with bureaucracy. It feeds and perpetuates itself first.

Bureaucracy Has First Claim

One needn't be an expert to figure out how it works; and further, that it can work no other way. In any society, some people produce more than others – and some produce nothing at all. But, the bureaucracy has first claim on all production, and siphons profits off the top. What seeps back to the people is considerably less than they have produced, thereby limiting their capacity for economic expansion and tending to lower their level of living.

We have been told repeatedly that "some" economic controls are necessary because men in private life are either unable or unwilling to successfully and honestly manage their own affairs. If this were true (of course, it isn't), one might logically ask the following question. By what magical means do men, hired by the government, suddenly acquire the wisdom and honesty to manage the economic affairs of the entire population? Apparently, we are expected to believe that people aren't capable of "handling" freedom, but that the government is.

The first order of private business is to make a profit. It should go without saying that an unprofitable business is scarcely in a position to survive (much less expand) and is of no use to anyone.

Government a Profit Taker

But government is a profit *taking* operation. It is not economically productive, but economically dependent upon the earnings generated by the private enterprise of the people. If a government program is ineffective or inefficient (and which ones aren't?), the government does not account for the loss; it simply draws against the people's private earnings and business profits and perpetuates the loss.

Observe the rising clamor against American business for *making* profits, the demand that "excess" profits be penalized. Yet the biggest profit *taking* organization in this country, the Federal government, is being encouraged to expand its operations and create new agencies of economic control. To what end?

If the goal is to eliminate poverty and unemployment through economic prosperity, the expansion of business must be encouraged, not restricted; and the role of government reduced – not expanded.

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Economic control does not lead to growth, progress, and prosperity. It never has and it never will. Economic control is the means by which government maintains total political control over the people, a fact which the American people will have to face sooner or later – one way or another.

Government intervention is always restrictive, and for this reason it is impossible for government to "manage" or "control" a free economy. It is a contradiction in terms – and in reality.

Communism Controls Through Force and Subjugation

If proof is needed, communism has proven for all to see that economic control can only be fully achieved and maintained through sheer force and total human subjugation. Socialism (the supposedly benign version of communism) is failing miserably in every country that has tried it. Under socialism the people are taxed unmercifully, and end up bickering among themselves and clamoring to their bureaucratic "benefactors" for a greater "share." In short, economic control is a vicious, static, dead-end cycle that can only result in the ultimate loss of all human liberty and dignity, and a lowered level of living. (Note that fascism "permits" private ownership, but denies property rights and is merely a variation of the same theme.)

This leads to a question which I ask now, and future historians may well ponder. Why did America abandon the free enterprise system, or more precisely – capitalism?

Do Americans really believe the communist propaganda that was deliberately designed to destroy the most successful economic system in the history of mankind? I am 35 years old, and I can't recall hearing a single American politician stand up and defend capitalism on the righteous grounds that it is entirely consistent with the Constitutional principles of individual liberty by which we are supposedly bound. In fact, one rarely hears capitalism mentioned at all, except in negative terms. "Private enterprise" is referred to and grudgingly accepted (primarily as a source of government spending power). But a fully consistent system of capitalism (laissez faire) does not exist anywhere in the world – and never has. It certainly doesn't exist in America. Nor is it being seriously considered. Why not?

Efficient and Profitable

Capitalism is the most efficient, progressive, and profitable economic system ever devised. People seek their livelihood on their own

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terms, according to their own *ability*, for and with their own money. They deal directly with one another, not through the government – thereby saving the expense of useless bureaucracy. (Properly, government should enter the picture only upon request, i.e., in the event of a legal dispute or a criminal offense, to determine the legality of a given situation in terms of the natural rights of the individuals involved. Needless to say, no government, including ours, has yet confined itself to this role. This doesn't mean it isn't possible or desirable.)

Capitalism also contains its own built-in checks and balances. People are required to exercise sound judgment, or suffer the consequences of their own folly. It doesn't carry any guarantees. One risks failure along with the prospect of success. And if we are honest, we know that there are no real guarantees possible in life – not in theory, or in reality. Life is a process of change and risk, growth and setback, and ultimately what one can realistically hope for is to achieve a just measure of success commensurate with one's own ability. This is what capitalism is, and does. It puts the responsibility where it belongs – on the individual – which is, after all, the meaning of independence. One is not independent if he is not responsible for his own needs. Nor can one become independently responsible if the government intervenes to make it impossible.

Economic Disaster Follows Monetary Manipulation

The greatest economic disaster in America's history came after the Federal Reserve Act had relieved people of the responsibility and the means of making an accurate judgment. The subsequent frantic efforts of government to "create" a sound economic balance through legislative force have brought us to our present state of chronic insecurity and collective dependency.

Yet government is rarely blamed for our economic difficulties. After all, hasn't it been trying to cure them for over 40 years? Capitalism is blamed.

The accusation that capitalism exploits the worker has been repeated so often that it is generally accepted as true with no further thought. Let it be stated here for the record that capitalism is the system for the working man. It does not reward the idle – only the man who is willing to work for his wages. Consider the present situation in our "mixed" economy. Are we to believe that the working man is not exploited when a portion of the money he earns is forcibly extracted from his wages to support

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government programs which harm rather than benefit him?

Another supposedly unpleasant facet of capitalism is that it appeals to one's selfish nature. This is absolutely true. Selfishness means to be primarily concerned with one's own self-interest. Anybody who claims to be otherwise is either a fool or a liar (to borrow an old phrase). Self-preservation is primary to all living things. If man were not selfish by nature, he would be extinct. Yes, capitalism serves the self-interest of each and every individual. Which simply means that capitalism serves the individual, as an individual. Which is why it should be the economic system of the only nation ever founded in behalf of the individual – America.

It is also said that capitalism promotes greed. Does it? Who is greedy: the man who wishes to earn his keep, and keep what he earns? Or the man who wants a legislative advantage, who wishes special privilege so he can compete "fairly" in the "free" market?

Observe the present clamor at the doors of Congress for straight financial handouts to accommodate every conceivable whim. The quest for the product of what another man has earned constitutes greed in my estimation. Every dollar the government gives away was earned by a citizen of this country. It makes no difference if the citizen can afford it or not. It is a matter of principle; and the principle involved is the right of the individual to own what he earns, choose how his earnings are spent, and the right not to be forced to support a "spending," "subsidy," or "charitable" program of which he personally disapproves.

If, for example, I were to ask you for a voluntary contribution to support a farmer too stupid to stop growing crops for which there is no market, you would undoubtedly refuse. Who would voluntarily support such a program? It might work the first time around, but it would surely die of its own accord if it were pursued; and in a court of law it might even be construed as fraudulent.

This is but one example of a "program" which would neither be tolerated nor sustained on a voluntary basis. The list of self-defeating, useless, inefficient, and downright wasteful undertakings of government is endless, and well known to many of us.

The Inevitable Trend

It is not my purpose here to prove that government "manages" economic affairs in the least efficient manner possible. The situation here, and throughout the world, speaks for itself.

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My point is that such is the inevitable result of government intervention in the financial affairs of its citizens. When government assumes the "right" to manipulate economic matters, where does it draw the line? Thus far, in America, it has not seen fit to draw any line at all. And herein lies the danger. Anything goes, if enough pressure is applied in the "right places." It is a shameful abuse of a political system designed to limit the powers of government in order that the people might be free of government compulsion. If it were otherwise, (i.e., consistent with our fundamental principles), why is such effort made to hide the truth?

The attempt to conceal the trend toward statism in America is evidenced by the increasing use of evasive semantics. The economic policies outlined in the *Communist Manifesto* are written into law in the United States of America under the heading of "social legislation." Individual liberty is gradually replaced by "the needs of a changing society," i.e., collectivism. And our "mixed" economy is moving steadily toward a "new" version of full-fledged fascism under the heading of "responsive government."

Economic control *is* the key to political dictatorship. And conversely, capitalism is the key to political freedom. Observe that capitalism has been the primary target of communism from the outset. Communism, as an economic system, can't hold a candle to capitalism. But it is the most effective system of political dictatorship ever devised, precisely because the *individual has no property rights.*

Cause and Effect

When are we going to see the connection? Why don't we see it now? We can't have our cake and eat it too. America is no more immune to the natural law of cause and effect than any other nation, past or present. The strength of any nation lies in its consistent devotion to its own stated principles. Communism isn't spreading because it's a better system. It spreads because communists are steadfastly committed to every facet of communism; and no similar commitment to capitalism stands in its way.

Americans have been apologizing for and compromising capitalism, at first slowly, but with increasing rapidity throughout most of this century. Where once we had a simple government structure based on a solid foundation, we now have a gigantic superstructure resting on a mish-mash of contradictory inconsistencies. Where once we had a thriving,

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progressive economy, we now have imminent disaster. By our own hand we are divided, weakened, and vulnerable – fair game for anyone and anything.

Figuratively and literally, the middle of the road is a dangerous place to stand. It indicates irrational behavior at best, and suicidal tendencies at worst. There are only two fully consistent and separate views of life. Two sides of the road. It's an either/or proposition.

One side is collective dependency with full political ownership and economic control, i.e., total human slavery. This view is exemplified to its fullest extent by communism, but has prevailed in varying degrees throughout the entire history of mankind.

The other (and only) alternative is individual liberty with private ownership rights, economic freedom, and political protection of the individual as an independent agent, exemplified briefly (imperfectly, but significantly) by capitalism in American history.

JOHN D. LINDL

RIGHTS & Pseudo RIGHTS

CONGRESS has been working on a welfare reform bill, The Family Assistance Plan, for two years now. What is the nature of this bill? If it is approved, Congress will have declared its intention to guarantee to every American the "right" to a minimum yearly income. As such it merely represents a logical extension of recent trends of the sixties which has seen a proliferation of "rights" – rights to health care, education, housing, jobs, and food. The only difference

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between this and other measures that have been enacted is its scope and potential for expansion. But bills enacted in the late sixties were more expensive than those of the early sixties, and so forth. As such, this is just a continuing trend, too. All of these bills are of a single nature and must be analyzed as such.

Their common denominator is the "rights" they declare, a strange set of rights, indeed. Despite the rhetoric of proponents who claim these are rights guaranteed to every American, they quite obviously are not. If every American quit working, there would be no goods to satisfy their claims for these rights. So these bills in effect provide goods and services to those who have not provided for themselves, at the expense of those who have. A "right" of one person that can only be satisfied at the expense of another is obviously no right at all. It is a decree that sets up two classes of people, those served, and those required to serve. The proliferation of such laws is one of the most dangerous developments in recent U.S. political history.

A primary right must always be a right to action, not to goods as such. All goods must be produced by prior actions and hence are already someone's rightful property. The right to act implicitly includes the responsibility for the consequences of one's action and the right to the use and disposal of the products of one's action. The rights of the American Constitution are all proper rights to action. But the very principle of these rights has been undermined by the growth of belief in various pseudo-rights.

The Nature of Rights

Rights reside in individuals. There is no such thing as group rights except as they are an extension of individual rights. A political right which is not possessed by every individual, regardless of his membership in a group, is merely a license for a particular group to exploit others not in the group. For example, consider "Welfare Rights." This is generally taken to mean the right to the means for a certain level of existence. Is this a right, universally applicable to all? Could we guarantee to everyone the right to a minimum subsistence without imposing on some group the responsibility of providing that subsistence? Clearly not. This is the test to distinguish between a genuine and a bogus right. If it applies equally to all, at the expense of no one in particular, it is a genuine right. If some one group benefits while another foots the bill, it is a counterfeit.

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A common response to these arguments is that a majority of the people have elected the representatives who have passed the laws; so they really have chosen freely where their money and effort should go. But even on the face of it, this is not true. A member of Congress can be elected by 51 per cent of the vote. But even that 51 per cent is surely going to disagree with their representative a fair fraction of the time. So, before a candidate ever records a vote, he probably has fewer than 50 per cent of the voters behind him. And then, legislation can be passed with the assent of a mere 51 per cent of the legislators, further reducing the likelihood that even a majority of persons agree with the decision. So the best one can say of a representative democratic process is that the largest fraction wins.

Democracy Justified in Maintaining The Rule of Law

The only justification for a system where the largest fraction imposes its will on everyone else is that such a system has historically been the most effective in curbing and limiting the police power of the state. This police power is a necessary protection against those members of every society who would try to impose their will by force or fraud on other human beings. A government whose police power is used solely for this purpose is no threat to any peaceful citizen, since it may never initiate the use of force. It only acts to prevent the use of force. Historically, no people has ever achieved a society whose government strictly adhered to this function. But the democracies of the world have come closest; and of them, the United States of the nineteenth century came closest of all. This achievement of democracy is its only justification. If it fails in this function, a democracy has no justification at all. Majority tyranny is no less a tyranny because it is a majority. The argument that democracy justifies the various pseudo-rights is pernicious. It perverts the function of democracy and further obscures the meaning of rights. In the end it serves to destroy democracy by giving rise to pressure-group warfare.

Until these facts are recognized and acted upon, the present trend in domestic legislation will continue with undiminished vigor.

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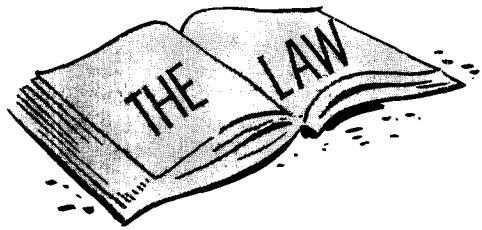
ON RE-READING

RAY L. COLVARD



THE STORY, perhaps apocryphal, is told of a young man who had a long, earnest conversation with his father on the eve of the son's departure for the university. When he was graduated, he talked with his father again. As the youth described it: It was amazing how much the old man had learned in four years.

A few years ago, when I received a copy of *The Law* from Dr. George C. Roche III, then Director of Seminars for the Foundation for Economic Education, I was not immediately impressed. The ideas appeared logically sound to me, but with application limited to places and times other than modern America. Robert L. Heilbroner in *The Worldly Philosophers* placed Frederic Bastiat, the author of *The Law*, in "the underworld of economics."

Mr. Colvard teaches at Clairemont High School in San Diego.

The Law is a disturbing book, however. I read it again. Before the fall of the old regime, Voltaire had made an acid observation that "in general, the art of government consists in taking as much money as possible from one class of citizen to give to the other." Bastiat called this exchange "legal plunder." He pointed out: The plunderers are within the law, acting benignly, with the best of motives, under the glow of "false philanthropy." It made sense – but.

In this matter of education, the law has only two alternatives: It can permit this transaction of teaching-and-learning to operate freely and without the use of force, or it can force human wills in this matter by taking from some of them enough to pay the teachers who are appointed by government to instruct others, without charge. But in this second case the law commits legal plunder by violating liberty and property.

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Now that was just too much. Back in the foothills of rural North Carolina during the first half of this century the tradition of the summer "protracted meeting" was firmly fixed in fundamentalist congregations. Visiting revivalists of a fire-and-brimstone bent attempted to electrify hot, sleepy listeners by cataloguing the alleged sins of erring neighbors. Over in the "amen corner" Deacon Jones munched his seasoned bolus of *Star Plug* tobacco and accompanied the preacher by nodding his placid agreement.

". . . the sin of young men drinking . . ."
"A-men!"
". . . the sin of young women smoking . . ."
"A-men!"
". . . the sin of old men chewing . . ."

At this point Deacon Jones rose out of his seat, sputtering. "Now just a minute, Reverend," he objected angrily. "Now you've quit preaching and started meddling."

This portion of *The Law* seemed absurd: public education being linked with legal plunder. Just what do economists think teachers do? Don't they know we loose the glorious, exuberant spirits of students? We encourage discovery. We produce scientists, entrepreneurs and statesmen who maintain the nation's economic and political stability. We prepare citizens to become contributing, rather than dependent, members of a complex, competitive industrial democracy.

Somewhere from the dusty past I seemed to hear a soft chortle and low whisper: "false philanthropy."

This was ridiculous, I thought. It's my ox that's being gored now. It's all right to question the propriety of industrial monopolies, protective tariffs, and agricultural subsidies. Leave education to educators. The National Education Association's campaign for a National Department of Education is in full swing. With the right Secretary in the Presidential Cabinet, public education could be run efficiently, like the post office. With enough power educational leaders could enforce academic freedom for all teachers, defend martyrs like Peter Abelard and Socrates. I tried not to remember at this point that Abelard got himself into trouble playing around with a nubile teen-ager and Socrates really had been "corrupting the youth."

A Skeptical Student

During the week of the FEE seminar that summer I remained skeptical of Bastiat's freedom philosophy, at least that part about public education, though he was quoted respectfully by the

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3-R's of the seminar: Read, Russell, and Roche. (For clarification and lest I appear lacking in respect, may I amend this remark to: Mr. Leonard Read, Dr. Dean Russell, and Dr. George C. Roche III.) I listened to them, but I was not fully convinced. I re-read *The Law* more carefully, however, when I returned home.

"Look at the madhouse of a world," Frederic Bastiat had suggested in an early work. The world "goes to enormous efforts to tunnel underneath a mountain to connect two countries and then it sets duties and custom guards at each entrance to make passage as difficult as possible." Interesting.

The latest, fourteenth edition of *Encyclopaedia Britannica* allows Frederic Claude Bastiat two dozen tepid lines. However, going back to the eleventh edition, published in 1910, I found this magnificent tribute:

> He alone fought socialism hand to hand, body to body, as it were, not caricaturing it, not denouncing it, not criticizing under its name some merely abstract theory, but taking it as actually presented by its most popular representatives, considering patiently their proposals and arguments, and proving conclusively that they proceeded on false principles, reasoned badly and sought to realize generous aims by foolish and harmful means.

I was beginning to discover that Bastiat was, indeed, quite a man.

A Very Good Year!

The year 1776 was a vintage one for freedom. It brought forth the master work of Thomas Jefferson and Adam Smith. In the vernacular of today's bright youth, "Groovy! Everybody has rights and everybody should do his own thing." The concept of liberty which came out of the enlightened eighteenth century and achieved wide popularity in the nineteenth has lost ground in the twentieth. The political term, "liberal," has shifted in meaning from those who would break government's hold on its citizens to those who advocate greater government controls be placed on individuals. The great utopian appeal of collectivism, even in the modern extremes of fascism and communism, is the fond hope of equality. Collectivism proclaims high ideals and promises reforms. Literacy and public enlightenment are laudable goals for us to undertake in public education. Can this be "legal plunder"? One might as well imagine Santa Claus an "enemy agent."

There is profound danger in cultivating the cult of equality. Tocqueville, the great admirer of American democracy, warned of the danger during his travels in the United States in the Jackson

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era. Democracy would, he foresaw, pose an irreconcilable dilemma to Americans. They who treasured both freedom and equality would eventually choose to give up the former to gain the latter.

The Need for Rules

Man must live by rules, but they should be rules of his own choosing. Ludwig von Mises stated this concept beautifully in his *Human Action:*

> Liberty and freedom are the conditions of man within a contractual society. . . . As far as he gives and serves other people, he does so of his own accord in order to be rewarded and served by the receivers. He exchanges goods and services, he does not do compulsory labor and does not pay tribute. He is certainly not independent. He depends on the other members of society. But this dependence is mutual.

The late jurist, Learned Hand, wrote about the benevolent "beast in us" which leads us to destroy liberty for others. "Liberty," he noted, "is an essence so volatile that it will escape any vial however corked." The logic of Bastiat, von Mises, and Hand at this point seems virtually irrefutable.

The public school system is an institutionalized cork restraining human freedom. It makes use (benevolently, of course) of the worst elements of socialism and protectionism. In truth, we teachers are in the jail business. Educators, like a majority of the adult population, defend compulsory attendance laws which are in fact nothing more than bills of attainder against our young.

We illogically uphold these extra-judicial canons despite their expressed ban by Sections 9 and 10 of Article I of the *Constitution of the United States.* This basic constitutional injunction has been blandly ignored. In Brown *vs.* Board of Education the Supreme Court appeared to actively favor compulsion. In the words of the Court, "Compulsory school attendance laws and the great expenditures both demonstrate our recognition of the importance of education to our democratic society." We are wildly inconsistent in defining "liberty." First we confront youth with our terrible dictum: You have no inalienable rights. Then we expect him to become law-abiding while he is, himself, outside the law. We expect him to achieve a mature autonomous level in personal growth without exercising the right of free choice. We expect him to develop value judgment stripped of a compulsion for responsibility. A frenetic reality exists in compulsory education. We guard students possessively as they attempt to escape our bureaucracy. They are not allowed to

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become nonconsumers in our educational monopoly. We employ "Keystone" cops called "truant officers" or more euphemistically, "attendance coordinators," to chase them when they attempt to decline our services.

Twentieth century school systems have come to be blatant examples of nineteenth century enterprise. Writing about anachronous industries, Henry Hazlitt noted: "It is just as necessary to the health of a dynamic economy that dying industries be allowed to die as that growing industries be allowed to grow." A like case could be made for abandoning outmoded compulsory institutionalized education.

Candlemaker's Petition

Bastiat's masterpiece of economic satire was the tongue-in-cheek petition to the Chamber of Deputies requesting that owners of houses be made to do without doors and windows. He berated sunlight as a foreign, low-cost, unfair source of illumination and asked that it be shut out to create a demand for artificial light which would benefit French manufacturers of lamps, tallow, and candles. We educators today are logical targets for the Bastiat philosophy as we defend our right to a monopoly of artificial enlightenment.

It is my belief that the services rendered by teachers in public schools are a primary economic good. Our professional expertise is of such value that it need not be forced on anyone. In learning's free market, demand exceeds supply. Young people need not be compelled by legal entails to come to school. It's a compulsion they have reason to hate. They have a valid case in history. Tea-loving Colonists refused to drink tea when it was forcibly pressed on them by a benevolent England. The Boston Tea Party made America a nation of coffee drinkers.

Public education as it exists today is economically unsound and patently unfair. Schools offer contracts for services to youths, but students have no legal way of enforcing the obligation. In even the relatively modest school districts, teachers report to principals who report to area directors who report to assistant superintendents who report to associate superintendents who eventually report to the superintendents who are solely responsible to the boards of education. Each level above the pedestrian classroom teacher is insulated from students. Every educator position above the teacher level in the system is political. Public relations know-how is the criteria for successful performance. Quality of the product that reaches the consumer is of small concern

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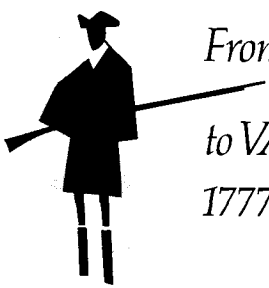
to middle management in educational enterprises. Managers are never partners in concerns which are without entrepreneurs. Educators are men of means, not of ends, and the means at their disposal are collectivism, centralization, and compulsion.

Bastiat made a wild and wonderful suggestion to us: "Let us now try liberty."

Away with the whims of governmental administrators, their socialized projects, their centralization, their tariffs, their government schools, their state religions, their free credit, their bank monopolies, their regulations, their restrictions, their equalization by taxation, and their pious moralizations!

In my latest reading of *The Law* there emerges a classic framework of freedom: the belief in a harmony in human nature, the knowledge that individual aspiration if left unfettered contributes to the general good, the sober understanding that man is not God.

The story is told that at the moment of Fredric Bastiat's passing he whispered something. The sound was virtually inaudible, but the listening priest thought the whisper was, "Truth, truth . . ." What else could it have been!



From PRICE CONTROL to VALLEY FORGE 1777-78

PERCY L. GREAVES, JR.

PRICE control has been often tried. It has been strongly enforced. Yet, it has consistently failed to produce the desired results. Our ancestors learned the follies of paper money and price control the hard way. They learned a lesson which many present-day Americans seem to have forgotten. Price controls almost wiped out our independence in the first years of our existence.

Professor Greaves is now a free-lance economist and lecturer. This article first appeared in *Christian Economics*, May 20, 1952.

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Our Continental Congress first authorized the printing of Continental notes in 1775. The Congress was warned against printing more and more of them. In a 1776 pamphlet, Pelatiah Webster, America's first economist, told his fellow men that Continental currency might soon become worthless unless something was done to curb the further printing and issuance of this paper money.

The people and the Congress refused to listen to his wise advice. With more and more paper money in circulation, consumers kept bidding up prices. Pork rose from 4¢ to 8¢ a pound. Beef soared from about 4¢ to 10¢ a pound. As one historian tells us, "By November, 1777, commodity prices were 480% above the prewar average."

The situation became so bad in Pennsylvania that the people and legislature of this state decided to try "a period of price control, limited to domestic commodities essential for the use of the army." It was thought that this would reduce the cost of feeding and supplying our Continental Army. It was expected to reduce the burden of war.

The prices of uncontrolled, imported goods then went sky high, and it was almost impossible to buy any of the domestic commodities needed for the Army. The controls were quite arbitrary. Many farmers refused to sell their goods at the prescribed prices. Few would take the paper Continentals. Some, with large families to feed and clothe, sold their farm products stealthily to the British in return for gold. For it was only with gold that they could buy the necessities of life which they could not produce for themselves.

On December 5, 1777, the Army's Quartermaster-General, refusing to pay more than the government-set prices, issued a statement from his Reading, Pennsylvania headquarters saying, "If the farmers do not like the prices allowed them for this produce let them choose men of more learning and understanding the next election."

This was the winter of Valley Forge, the very nadir of American history. On December 23, 1777, George Washington wrote to the President of the Congress, "that, notwithstanding it is a standing order, and often repeated, that the troops shall always have two days' provisions by them, that they might be ready at any sudden call; yet an opportunity has scarcely ever offered, of taking an advantage of the enemy, that has not been either totally obstructed, or greatly impeded, on this account. . . . we have no less than two thousand eight hundred and ninety-eight men now in camp

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unfit for duty, because they are barefoot and otherwise naked. . . . I am now convinced beyond a doubt, that, unless some great and capital change suddenly takes place, this army must inevitably be reduced to one or other of these three things: starve, dissolve, or disperse in order to obtain subsistence in the best manner they can."

Lesson Learned

The severity of the situation increased. Our ragged regimentals were dispersing. In February, 1778, the Pennsylvania Assembly "passed a law appointing commissioners in every city of the state with full power to purchase or to seize, at stated prices, all provisions necessary for the army." But, appeals to patriotism, accompanied by force and threats of more force, failed to bring out the necessary provisions. The farmers just would not trade the fruit of their hard labors for paper money which bought less and less as the weeks passed by.

On April 21, 1778, George Washington wrote a delegate in Congress, "Men may speculate as they will; they may talk of patriotism; they may draw a few examples from ancient history, of great achievements performed by its influence; but whoever builds upon them, as a sufficient basis for conducting a long and bloody war, will find themselves deceived in the end. We must take the passions of men as nature has given them, and those principles as a guide, which are generally the rule of action. I do not mean to exclude altogether the idea of patriotism. I know it exists, and I know it has done much in the present contest. But I will venture to assert, that a great and lasting war can never be supported on this principle alone. It must be aided by a prospect of interest, or some reward. For a time it may, of itself, push men to action, to bear much, to encounter difficulties; but it will not endure unassisted by interest."

Valley Forge taught George Washington and the Pennsylvania advocates of price control a very costly lesson. They had hoped for plenty at low prices. Instead they got scarcity and indescribable misery. Anne Bezanson's valuable book, *Prices and Inflation during the American Revolution,* tells us, "By June 1, 1778, the act of regulating the several articles on the price lists was wholly suspended." Price control had failed.

Army Better Fed

This same book informs us that after this date the commissary agents were instructed, "to give the current price . . . let it be what

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it may, rather than the army should suffer which you have to supply and the intended expedition be retarded for want of it." As a result the Army was better provided for in the fall of 1778, than had previously been the case. In the words of Miss Bezanson, "the flexibility in offering prices and successful purchasing in the country in 1778 procured needed winter supplies wanting in the previous year."

In January, 1780, Pelatiah Webster wrote, "As experiment is the surest proof of the natural effects of all speculations of this kind . . . it is strange, it is marvelous to me, that any person of common discernment, who has been acquainted with all the above-mentioned trials and effects, should entertain any idea of the expediency of trying any such methods again. . . . Trade, if let alone, will ever make its own way best, and like an irresistible river, will ever run safest, do least mischief and most good, suffered to run without obstruction in its own natural channel."

Price control is an attempt to alter God's law of supply and demand. Those who endorse it frequently believe that the supply of goods and human satisfactions can be maintained at prices which are legally set below the free market price. They are ever doomed to disappointment. When a price is set below the free market price, marginal producers will always cease to produce. The available supply is thus reduced. On the other hand, prices held below the free market rates always attract more prospective buyers than the higher market prices. The result will ever be, other things being equal, a decreased supply and an increased demand.

Free prices allocate scarce goods to the highest bidder. In consumers goods, the highest bidder is the person who has best served society. In producers goods, the highest bidder is usually the person who can make the best use of the scarce labor and materials available. He can pay the highest price because he expects society to pay him more for his final product than it will pay for the product of any lower bidder. When the state, or some bureaucratic agent of the state, sets prices, he must also decide who shall have and who shall have not.

The power of allocating the necessities of life is the power of life and death. Under price control that power is given to the political powers that be. Consumers are entirely at their mercy. Price control is, therefore, the very antithesis of freedom. Price control is economic slavery.

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WE and the THIRD WORLD

ERIK VON KUEHNELT-LEDDIHN

A Note of Christian Dissent

"Truth alone offends."
– French proverb

AS A WORLD TRAVELER more or less permanently on the move, I must confess to the odious crime of thorough disagreement with current conceptions in regard to the Western world's relationship with, and duties toward, the so-called developing nations. My disagreement concerns not only the secular views on the subject but also those prevailing increasingly in the majority of the Christian Churches. Travels and intensive studies over a period of fifteen years have convinced me that our general Western notions in regard to this delicate subject must be thoroughly revised. Obviously, an exhaustive argument cannot be expected within a short article, nor elaborate statistics presented. All that can be done here is to tabulate various of the current – largely erroneous – views, followed by a few critical remarks.

"Colonialism Was a Crime, Its Record Entirely Negative"

Let us begin with the widespread assumption that "colonialism" was a crime and its record entirely negative. Many Americans especially, I would say, are "dedicated" to this notion, forgetting that the United States still has colonies (in the Pacific) and that without the British colonial effort the glorious American nation would not exist. A patriotic American "anticolonialist" can be likened to a man in his prime, proud of his record and achievements but fulminating against fatherhood – without which he would not exist – an attitude reminding one of the Oedipus Complex and worthy of medical attention.

Dr. Kuehnelt-Leddihn is a European scholar, linguist, world traveler, and lecturer. Of his many published works, perhaps the best known in America are *Liberty or Equality?* and *The Timeless Christian.*

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Without British colonialism there would be no Nigeria, Ghana, or Australia, no India liberated from the Moslem yoke, and so forth. Without the Roman colonial drive neither the French nor the Spanish language would exist, nor English as we know it, and presumably not even our modern civilization. And let me add that without Bavarian colonizing my own country, Austria, would not exist either. A furious Brazilian anticolonialist would seem very funny to me. Several years ago, when I was asked in Irkutsk what I thought of that capital of Eastern Siberia, I replied that it testified to the vigor of Russian colonialism. Thereupon, I was earnestly exhorted not to say "kolonialism" but "osvoyeniye," which means "incorporation." Keeping a straight face, I wrote this word down in my notebook while, out of the corner of my eye, I watched the broad grins all around me.

"Colonialism" is a neologism not to be found in older dictionaries. It is not an "ism," but expresses a mere law of history and politics. No power vacuum can exist for any length of time; it invites penetration and occupation. In this respect, geography does not differ from physics.

Point two is the charge that Europe and the United States continue to take brutal advantage of the former colonies and other "developing countries" through investments there. However, "emerging nations" are in need of capital – foreign capital, if they have none of their own and refuse to practice the harsh policy of low wages and high investments. This harsh policy characterized our European economy and industry more than a hundred years ago – and laid the foundations for our present high living standards.

Until the end of 1958, Franco desperately and foolishly struggled against foreign investments in his then truly "underdeveloped" country whose living standards were well below those of Chile. Fortunately, he was finally prevailed upon to give up this sterile attitude; as a result, not only foreign capital and local investors, but the Spanish masses, too, began to prosper. On the other hand, many "capitalists" until recently still invested considerable sums in politically unstable overseas nations and lost them through revolutions, riots, guerilla warfare and confiscations, or simply because of the unavailability of efficient manpower. And as for foreign aid, the French – to cite only one example – still pay more per capita than the Americans do, and they pay more to their colonies than they did in the colonial period. If the Italians do not shell it out in simi-

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lar fashion, the reason may be that living standards in parts of Nigeria are higher than they are in Italy's deep south, in the *Mezzogiorno*.

"Decolonization a Boon"

Thirdly, there is the prevalent view that "decolonization" has been a real boon for the liberated masses, giving them a chance to develop their own cultural heritage. Yet, in most cases only a thin layer of westernized "natives" benefited from a premature decolonization – for which they have to thank the Cold War and the invisible Washington-Moscow Axis of "anticolonialists" outbidding each other under the motto: "I can be more anticolonialist than you are." But the rule of the new men, whether politicians, mob-masters, or dictators, has not been marked by greater efficiency, greater justice and magnanimity, more peace, or (least of all) less corruption.

Nobody would have dared to slip a hundred rupee note into the hand of a British judge in India; among the little people there one finds today the greatest admirers of colonial rule, which to many of them now appears as a Golden Age. (Did you ever talk to the *montagnards* in Vietnam? Or to simple Cambodian farmers? You will find the same attitude there.) Let us also remember our own Germanic ancestors, real savages who destroyed the already Christianized Roman Empire. How long did it take them to gain standards comparable to those of the Roman culture they destroyed? Six hundred years? Eight hundred years?

Still, many are those who insist that the undeniable "backwardness" of the emerging nations is due to our past oppression and/or to our refusal to educate them. But what would have happened, let us say, had we thrown a *cordon sanitaire* around tropical Africa and never set foot on that part of the Dark Continent? Do we not have the admission of Mr. Tubman of Liberia and of Emperor Haile Selassie that their countries, unfortunately, are lacking the hard but salutary experience of colonialism? Have the Portuguese been really so amiss in educating the Angolans? (What is the illiteracy rate in Portugal proper?) Or what of the Belgians in the Congo? Did not Lovanium University have an atomic reactor before the University of Vienna? How many Ph.D.s and M.D.s were there in the ancient Kingdom of the Congo before the white man arrived? And as for wicked westernization: is not the Third World desperately trying to continue this process? Is not Marxism more western than Confucianism, Tao-

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ism, or Buddhism, or modern technology and medicine more so than ancestor worship, magic, and sorcery?

"Old World Domination"

Fairy tales about the Third World abound in America as well as in Europe. Thus, we hear that, in Latin America especially, the hangovers from Old World domination are responsible for the big social differences and the continued internal exploitation. Now, whence does the poverty of the Latin American masses come? How great is the expectation of raising disciplined, skilled, laborious men in the sometimes nearly polyandric and matriarchal "families" with up to 80 per cent illegitimate births, characteristic of the Caribbean and other more southern areas?

In addition, one has to remember that only three areas in the entire world have "modern" work ethics or what the Spaniards call *la gana de trabajar:* Europe (with the center of gravity in the Northwest), North America, and East Asia (including perhaps Vietnam, but certainly excluding Laos and Cambodia). We must bear in mind that in the Middle Ages the year, according to regional customs, had between 90 and 130 holy days of obligation besides the 52 Sundays. Systematic and rationalized work became an ideal only with the Reformation. In a generally easy-going country, if a small minority (often of alien origin) works really hard, it will, for want of competition, become rich almost overnight. Hence the "social problem," hence the rapid rise of fervently envied minorities all over the globe – the Parsees in India, the Japanese in Brazil and Peru, the Spaniards (los zopilotes!) in Mexico, the Chinese in Southeast Asia, the Lebanese in Africa, the Jews in Central and Eastern Europe, the Ibos in Nigeria, and so on. They will always serve as scapegoats for mankind's most deep-seated vice: envy, murderous, furious envy. Naturally, these unpopular minorities rarely feel safe; demagoguery agitates against them, and they tend to seek security for their savings.

Related to the myth of the Old World's culpability is another one: given the "deplorable sins of the past" in these areas, the only reasonable economic development can be one along socialist lines. "Let us help them to follow Marx!" True, individualism and a competitive spirit are essentially Western characteristics, but besides Spain we have the cases of Japan, Formosa, Singapore, the Ivory Coast, and Lebanon where free enterprise has, after all, proved to be the goose that lays

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the golden eggs. Russian living standards (we are not speaking of the GNP) are barely above the levels of 1914.

Then there are those who insist that we are "bound in justice" to help the emerging nations economically, financially, materially. Well, in more than 150 years we managed with blood, sweat, and tears and with endless patience to build up an industrial civilization which only in the last two or three decades has yielded a "life of plenty" for any sizable numbers among us. Due to the big capital investments required in the beginning, only few branches of production in a young industrial economy can afford to pay "liberal" ("living") wages. In some cases it takes generations. Our wealth, too, did not come swiftly or smoothly. Out of *voluntary charity* we ought to help the others to catch up with us materially, but they have no demands on us "in justice."

In this connection the "idealists" among us might reply that our wealth does not stem from our efforts, but from the past and present exploitation of "colored" peoples and their raw materials. The alleged immense benefits from our colonial period, however, are yet another myth. Decolonization, in spite of large-scale confiscations, ushered in our European prosperity. (The most prosperous European nations, such as Switzerland or Sweden, never had colonies.) Even the Belgian Congo was profitable only between 1940 and 1957; of the German colonies only little Togo paid off. Adam Smith, in the face of American Independence, declared that business with colonies is no more profitable than with foreign countries. Actually, trade with the former Thirteen Colonies rose from 15 to 61 million dollars in the period 1775-1806. In 1852 Disraeli, referring to Britain's foreign possessions, spoke about "those miserable colonies" and Cobden asked ironically: "Who is the enemy who will do us the pleasure to steal our possessions?" Colonies appealed to patriots, missionaries, naval officers, and adventurous entrepreneurs (and speculators) who rarely saw their dreams come true. The necessary initial investment – roads, railroads, hospitals, military establishments, canals, drainages, pest control, schools, training centers, ports, telegraph lines, sanitation – was so enormous that decolonization frequently came before real profits began to make themselves felt.

Nevertheless, the steady lament about our European (and even American) mistreatment of the formerly colonized nations continues. Europeans, especially if

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they broke with the Christian faith and fell for neo-pagan ideologies, have always been far more cruel toward each other (remember Auschwitz, Dresden, Katyn) than toward any "natives"; and as for the "natives" among themselves, we need only open a newspaper almost any day to hear what they do to each other. (Imagine the reactions if the Bangla Desh movement had been suppressed *in the way it was* by a British general! And the same applies to the extermination of the Ibos, to mention only two especially stark cases.) Brutal treatment? Probably two-thirds of the populations of the "emerging nations" would not exist were it not for Western medicine. Sleeping sickness, bubonic plague, yellow fever, bilharzia, filhosis, cholera, dysentery, and leprosy would still decimate entire regions. Horrors like *Zenanyana,* Dahomey's "Evil Night," the antics of the Kings of Benin, *Suttee* (burning of widows) in India, "eating long pig" (cannibalism) in Polynesia, not to mention the bestial slaughters on Mexico's Teocalli, would still go on were it not for "colonialism."

However, we are constantly exhorted: "The world cannot be permitted to go on being one quarter rich and three quarters poor." To this we have to reply that the difference in living standards between Europe-America-Japan and the rest of the world will continue to exist as long as the human element – skill, management, economy, intelligence, determination to work hard – differs so significantly. (In the Congo the Belgians imported highly paid bricklayers from the homeland because each one did more than three times the work of a native.) Of course, this might change in time. Today German manufacturers prefer Spaniards and Balkanites to "native" workers.

A Framework of Technology

The dream of European-American-Japanese living standards on the basis of "Protestant work ethics" can only be fulfilled within the framework of a high order of technology. Scientifically speaking, there is no answer to the question whether we are normal and the others lazy, or the others normal and we neurotic. (Climate has hardly anything to do with the issue which depends upon a voluntary *choice* between leisure and spending and poverty, or hard work and saving and wealth.) Three years ago Dr. J. S. Kamwar of the Indian Council for Agrarian Research stated that if only two of the larger Indian states were to till the soil intensively and with modern methods, all of India could be fed properly; and if all the

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farmers in all 14 states were to toil scientifically and diligently, two-thirds of the produce could be exported.

To all this I would like to add four supplementary remarks:

1) The democratic republic, sometimes a failure even in highly civilized nations (vide the case of Germany), becomes swiftly bankrupt outside of "Euramerica." When monarchy is ruled out as obsolete – and the Third World always craves for what it considers the most "modern" institutions – the father image is soon replaced by that of Big Brother. Yet, tyrannies tend toward a bureaucratic and centralized collectivism ("socialism") and thus the economy is "politicized." Confiscations ("nationalizations") always contribute to the reluctance of foreign investors. In fact, the industrial entrepreneur or landowner who, under such circumstances, does not salt away at least some of his profits to foreign banks, must be a super-patriot, a saint, or a soft-brained simpleton.

2) Almost everywhere in the Third World there is the failure to recognize that Western culture and civilization represent a package deal. One cannot arbitrarily pick some items and leave the rest. He who wants to own, keep and repair a car has to accept – consciously or unconsciously – Aristotelian and Cartesian notions. Neither modern wars nor modern agriculture are possible without an industrial background. No industry can be based on animistic, Buddist, or Vedantic foundations. The engineer has been born in the shadow of the Cross. Scientific thinking is "exclusive," not syncretistic or relativistic. Whether Western civilization is superior or inferior to others is beside the point. The fact remains that all nations on this globe *want* to be westernized. But with an unerring instinct they usually choose the worst the West has to offer, for example the obsolete nineteenth-century ideas embraced by Maxism.

3) "Social engineering" will not alleviate poverty. This is even more true if (as it happens in the Third World) the social pyramid has a very broad basis, shrinks rapidly toward the middle and ends in a long, thin needle. The needle may be conspicuous, but its cubic content is very small. "Redistribution" will not cure the misery of the masses, only the baking of a bigger cake will have this effect, which presupposes wise leadership and motivation among the many.

4) Humanity, according to the scientists, is at least half a million

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years old. If we equate this period to 12 hours we can say that what we today arbitrarily call "decent human living standards" have been the privilege of a very few only during the last five minutes before twelve – and available for more or less entire nations only within the past thirty seconds. Up to then there was only hunger, cold, vermin, fear, disease, despair, brutishness, and boredom. The average life-span for those who survived infancy in the neolithic age was 28 years for men and 22 for women. Even Louis XIV could never get rid of his lice, and in the summer Versailles emitted an unbearable stench. The living standards of His Excellency, Herr Johann Wolfgang von Goethe, would be rejected by any German skilled worker today. Historically and geographically speaking, "a decent life" (or family wages) has always been something of a "unique situation" in this world.

Christian Aspects of the Problem

As for specific Christian aspects of this whole problem, let us add a few more points:

The masochism, the cringing self-accusation of good Christians in regard to the Third World is not so surprising if we bear in mind that Christianity always feared a Pharisaical, holier-than-thou attitude. To beat one's breast over one's shortcomings is very Christian, but this should never be an automatic, thoughtless gesture. A feeling of guilt must be based on *real* guilt, otherwise it becomes a purely medical problem – and ceases to be of any spiritual value.

Racism exists undeniably and it has been traditionally much stronger in countries belonging to the Reformed Churches than in the Catholic orbit. (Toynbee has some pertinent passages on that subject.) In the World Council of Churches (with its seat in Geneva) Christian masochism has led to a policy which reminds one of all those benighted spirits who started out as blinded do-gooders and ended up as criminals if not murderous terrorists. To finance the Chinese-trained and Chinese-led terrorists in Southern Africa, who have committed abysmal atrocities (mostly toward other Africans) is the height of confusion. "We have been racists, now we must *do* something against racism and not only preach against it," are the words of Dr. Eugene Carson Blake. An "Anglo-Saxon" telling the Portuguese not to practice racism – this is the zenith of impudence!

The Catholic world, on the other hand, has always been lack-

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ing in first-rate economists and financial experts. For this there are good reasons; one need only read St. Thomas on commerce in *De Regimine Principum*. I can think of only two living contemporaries who are Catholics and economists of world renown. To talk about global, especially "Third World" problems without clear economic and financial concepts is just as futile, silly, and criminal as to talk about economics without ethical considerations. It is difficult to say whether today Catholic or communist political-economic-social thinking is more divorced from the deeper realities of life and from truly global perspectives.

Another thing we can observe is the evil inherent in the transfer of *monastic* ideals to secular life, a tendency which is at the bottom of Catholic leftism, insofar as it is not inspired by purely worldly notions. (The fact that there are today Episcopalian, Presbyterian, and Lutheran monasteries and convents indicates that one should not underrate the all-round fascination of monasticism.) It is interesting that in many Catholic quarters the envious hatred for the rich – for the Jewish banker, the Calvinist manufacturer, the Anglican landowner, depending on the country in question – is connected with an ecstatic love and admiration for the poor whom, paradoxically, one wants to render wealthy (and thus less likely to enter the Kingdom of Heaven?), preferably by expropriating the rich rather than by teaching the natural virtues: a Third World problem of the first order.

Social Romanticism

There exists, moreover, not only a Western but also an ecclesiastic masochism which fosters Social Romanticism and Third World reveries, according to which the Church has always sided with the rich and is also in possession of "great riches." Actually, most priests, monks, and nuns come from the poorer classes and are today often the victims of leftist political trends fostering (after so many excesses in the opposite direction) a startling disloyality toward the Catholic past. The self-accusing lament that the Catholic Church has, through its missionaries, westernized other nations and races and thus weakened, if not destroyed, local cultures in the Third World can frequently be heard. Of course, in the Christian faith the European past is as ineradicable as the Hebrew, Greek, and Roman background, whether we take the religion of a Catholic Irishman, a Methodist American, a Christian Japanese or Angolan – an undeniable phenomenon.

The bleeding-heart approach to

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the Third World – caused by real sympathy – is perfectly in order, but Catholics especially should bear in mind that among the nations invited to dig deep into their pockets there are only two predominantly Catholic ones: France and Belgium. Catholic sentimentalists are actually asking countries belonging to the Reformed Church to shell it out, countries that worked hard while the Catholic nations (to whom I myself belong) enjoyed a *dolce vita* of leisure, reverie, and artistic pleasures (even if in relative poverty.) How loudly can Catholics ask their separated brethren to be the main providers?

If, on the other hand, the entire Christian world decides to help the "emergers," we have to reflect most carefully on how this is best to be done. Obviously, not by distributing bank bills on street corners, nor by giving money to certain governments one would not like to touch with a barge pole. Under no condition would I like to see my tax money squandered on socialist experiments which have empirically shown such a poor record. Realistic aid is given by *Misereor*, *Oxfam*, and other charitable organizations. And there are also our courageous entrepreneurs who have gone out to teach skills and disciplines, to provide for jobs, salaries and tax moneys.

All in all, I think that we ought to make concerted efforts to reinvestigate all these issues, cease to be lachrymose cry-babies, calculate with paper and pencil, travel, read the necessary source books, learn languages, study the many facets of human nature. Only then will we put an end to making fools of ourselves and begin to help the developing nations – firmly, scientifically, without yielding to blackmail, impudence or guilt complexes, helping them in all charity, as we would help our children, to grow up and to achieve what we have achieved.

IDEAS ON LIBERTY

The Tyrant As Slave

HE WHO IS THE REAL TYRANT, whatever men may think, is the real slave, and is obliged to practice the greatest adulation and servility, and to be the flatterer of the vilest of mankind. He has desires which he is utterly unable to satisfy, and has more wants than any one, and is truly poor, if you know how to inspect the whole soul of him: all his life long he is beset with fear and is full of convulsions, and distractions, even as the State which he resembles: and surely the resemblance holds? PLATO, *The Republic*

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The Modern Volunteer Army

David J. Kramer

The Modern Volunteer Army is a term heard more and more frequently in both military and civilian circles. Newspapers and magazines cite "drastic changes," such as new regulations on hair length, pay raises, and the like, as giant steps toward a bright future for the military.

Despite the new regulations and publicized changes, the trickle of men into the MVA is at the rate of $2,585 spent on advertising for each recruit.[1] Dissatisfaction runs high among enlisted men, and the April antiwar demonstrations saw many of them throwing away their decorations in utter disgust. Something obviously is wrong with the system.

High-ranking officers and civilian policy makers are unable to explain the difficulties except to say that the youth of today are somehow different from "their" youth. If they were able to view the situation from the bottom of the heap instead of the top, they might discover that they are trying to cure an illness by treating only its symptoms. Over the years that the military draft has existed, procedures have evolved which are entirely appropriate to an agency employing coercion to obtain its needed manpower. But the procedures, the multitude of petty rules and regulations, are merely manifestations of the underlying coercion. And minor easing of the rules is simply not sufficient to

[1] *The Castle*, July 21, 1971 (The newspaper of Ft. Belvoir, Va.).

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induce young men to enter the service of their own free will.

Just as the proper role of the police force is to protect citizens and property from internal aggressors (i.e., criminals), the job of the armed forces is to protect the nation from foreign aggressors. Needless to say, every civilized society must have some such protection in order to survive; the duties of the policeman and soldier are just as important as those of the farmer, educator, and industrialist.

A Sacred Duty

The Army, however, sees its role as not only necessary but sacred (for an example of this, chat with any senior officer). A young man thinking of the military as a career will find highly unsavory this notion of "sacred duty" – complete with a fantastic aversion to constructive criticism and whole companies whose sole (though not official) purpose is to parade on Sundays. The defense of this nation is not a sacrosanct honor but a demanding and often thankless task which must be approached realistically.

The view that the Army's job is sacred is often used to justify the military draft in the eyes of the public. If defense were considered to be no more vital to the country than food production, the draft would appear strange and unfair. (We don't draft farmers, so why draft soldiers?) But so long as national defense is believed to be an activity worthy of "special consideration," this system of coercion seems necessary and just – the government has a *right* to draft a man into the service. This notion stands in contradiction to the central concept of an all-volunteer force which, in effect, declares that the wishes of the individual come *before* those of the government. In a broader sense, the idea that it is proper for a citizen to sacrifice the whole or part of his life to some "higher order" has been the cornerstone of every dictatorship which has ever existed.

We are not saying here that persons should never come to the aid of their country in time of trouble. A government which upholds and protects the rights of the people will never have to worry about a lack of support. But history tells clearly what happens when the "rights" of the state come before those of the individual. "Government must be the servant, never the master," cries the record, and the youth of today are listening.

A second part of the problem is the attitude of Army officialdom toward those in the lower ranks: "personnel," to be used in any way

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seen fit. Once the premise is accepted that the government has the "right" to take two years of a man's life, the conclusion follows that the Army in effect "owns" the individual for those years. There are no drivers with whips or toiling masses building a Colosseum, but the *attitude* is there despite talk about enlisted men's councils and the airing of grievances.[2]

Discipline is necessary, of course, for the success of any venture and is of vital importance when the agency involved, such as the armed forces or the police, possesses the capability of massive destruction. True discipline, however, is a product of respect. If a man respects the laws he obeys, the superior he follows, and the power of the weapons he controls, there is no problem of discipline.

Interchangeability

The attitude of "ownership" of the rank-and-file soldier gives rise to other problems: the notion of the "interchangeability" of enlisted men, and the separate system of justice for the military.

The old tales about master mechanics and holders of advanced degrees serving as cooks and infantrymen for two years are true even today.[3] The idea behind these misallocations is that, since the Army "owns" the soldier, he can perform efficiently any job that he is programmed to perform, and his own thoughts about the task he is given may simply be ignored.

The results are plain to see: men held in positions *below* their ability become despondent and negligent once their efforts at attaining other positions have failed, while men held in jobs *above* their ability become anxious and insecure. A perpetual waste of individual talent occurs.

The Army does make some effort to allocate jobs according to ability when a group of men are inducted. However, this attitude of draftee interchangeability – as well as the fact that the draft is geared to numbers, not skills – does much to negate the effort. Few soldiers relish the thought that they can be shuttled into different positions and duty stations by superiors who may not even ask the soldier's opinion on the matter. Also, the enthusiasm of a potential volunteer will not be increased if his friends in the mili-

[2] The nickname "GI" stands for Government Issue, a term applied to government *property*.

[3] "A glaring example is the job assignments of men trained as soil scientists. In fiscal 1969 the Army needed 103 soil scientists. In calendar 1969, 244 enlisted men entered the army with such training but only 6, or 2.5 per cent of those available were assigned to their college specialty." *Chemical & Engineering News*, June 29, 1970.

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tary declare, "Sure, the MVA is a nice idea, but they can still do whatever they want with you." No private business would ever treat its employees in such a cavalier manner; yet, a soldier in a volunteer army is an employee, much the same as a policeman.

A more serious obstacle is the idea behind military justice, the idea that a separate system of justice is needed for military men because, as "property" of the government, they are different from other citizens. The result is a double standard, sometimes unbelievable. For example, a recent amendment in Army regulations has allowed military men to read any literature they wanted, even when the literature was critical of the government. This went into effect 180 years *after* the Bill of Rights was adopted! Five years ago, a man at Ft. Knox, Kentucky, was refused an accelerated promotion simply because he had a copy of an "underground" military newspaper in his locker.[4]

In discussing military justice, we are not talking about those laws which are derived from general principles and which apply specifically to soldiers. All occupations have complementary sets of rules and ethics. What concerns us here is the idea that a system for creating and administering the law may be set up *apart from* the general system of justice in the United States.

This attitude has no place in any plan for a truly effective volunteer army. The life of the soldier should be tied in as closely as possible with that of the rest of the society, not cut off and isolated within a separate sphere. This integration of systems will be no easy task, and the man who finds a way of solving the special needs of military justice through the system of civil jurisprudence will certainly be considered one of the founders of the MVA.

Summation and Conclusion

Here, in summary, are the various points we have discussed:

- A major problem facing any attempt to create a volunteer army is the "draft-army" mentality, a set of attitudes and ideas belonging to an agency which has long been using coercion to supply its manpower requirements, but ideas that are incompatible with the principles behind an all-volunteer defense force.
- The outward aspect of this mentality consists of the notion that a citizen "owes" two years of

[4] *The Castle*, July 14, 1971. It is not true that military justice is mostly biased against the enlisted man. In some instances he has *more* legal rights than the civilian. The important thing to remember is that the two systems are *separate*.

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his life to the country and that the government may determine how those two years shall be used. Justification of this notion lies in the Army's view of itself as a super-sacred agency whose role in the society is far above all others.

• The inward aspect is mainly the idea of ownership – the Army is owner and the soldier the temporary property. This has fostered the notion of the interchangeability of the rank-and-file in the various occupations and the attitude that a separate system of justice for the military man is a proper institution.

At this moment the draft-army mentality may not appear to be a cause for alarm. But posters have been put up throughout military installations announcing this or that new program to help implement the MVA, and the advertising campaigns continue in full force.[5] Sooner or later the Army, called upon to fulfill its "campaign promises," will run aground on its own rules. Now is the time for those who set policy to evaluate in a sober manner the whole Army philosophy. If they succeed in breaking through this stifling collection of attitudes, they will not only make their branch of the service more efficient and responsive, but will prove that coercion is not necessary for the defense of the nation. If they fail, the proponents of state omnipotence will gloat over another failure of the principle of voluntarism to achieve the desired goal – in an area where voluntarism never had a chance.

[5] General Westmoreland has set July 1, 1973, as the target date for an all-volunteer army.

IDEAS ON LIBERTY

Daniel Webster

A MILITARY FORCE CANNOT BE RAISED, in this manner, but by the means of a military force. If administration has found that it can not form an army without conscription, it will find, if it venture on these experiments, that it can not enforce conscription without an army. The Government was not constituted for such purposes. Framed in the spirit of liberty, & in the love of peace, it has no powers which render it able to enforce such laws. The attempt, if we rashly make it, will fail; & having already thrown away our peace, we may thereby throw away our Government.

– From a speech in the House of Representatives, December 19, 1814.

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Should We Divide the W-E-A-L-T-H?

HENRY HAZLITT

FROM TIME IMMEMORIAL there have been reformers who demanded that wealth and income should be "divided equally" – or at least divided with less glaring inequalities than the reformers saw around them.

These demands have never been more insistent than they are today. Yet most of them are based, in the first place, on a completely erroneous idea of the extent to which present wealth or income in the United States is "maldistributed." An American socialist, Daniel De Leon, announced in a celebrated speech in 1905 that, on the average, the owners of American industry grabbed off 80 per cent of the wealth produced in their factories, while the workers got only 20 per cent.[1] His contention was widely accepted and exerted great influence.

Yet the truth, as we have seen in the article on "The Distribution of Income" (the *Freeman*, October, 1971), is exactly the opposite. Labor in America is getting the lion's share of the nation's output. In recent years the employees of the country's corporations have been getting more than seven-eighths of the corporate income available for division, and the shareowners less than an eighth. More than 70 per cent of the personal income in the nation in 1970 was received in the form of wages and salaries. Business and professional income totaled less than 7 per cent, interest payments only 8 per cent, and dividends only 3 per cent.

The truth seems to be that per-

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[1] See Howard E. Kershner, *Dividing the Wealth* (Devin-Adair, 1971), pp. 17-24.

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sonal income in this country is already distributed roughly in proportion to each person's current contribution to output as measured by its market value. Some people, of course, inherit more wealth than others, and this affects their total personal income. How large a role this plays is statistically difficult to determine, but the income distribution figures just cited would indicate that the role is minor. As a percentage of the total population, there are today very few "idle rich," however conspicuous a few playboys may make themselves at the night clubs and gaudy playgrounds of the world.

Moreover, the "surplus" money simply doesn't exist to raise mass incomes very much. In 1968, out of a total of 61 million income taxpayers, 383,000, or six-tenths of 1 per cent, paid taxes on incomes of $50,000 or more. Their total adjusted gross income came to some $37 billion, or 6.6 per cent of total gross incomes reported. Out of this amount they paid a little more than $13 billion, or 36 per cent of their income, in taxes. This left them with about $24 billion for themselves.

Suppose the government had seized the whole of this and distributed it among the 200 million total population. This would have come to $120, or $10 more a month, per person. As the disposable personal per capita income in 1968 was $2,939, this expropriation would have raised the average income of the recipients by 4 per cent to $3,059. (Per capita income actually rose anyway to $3,108 in 1969 and to $3,333 in 1970.) Of course if the government resorted to any such violent expropriation, it could not repeat it after the first year, for the simple reason that people would cease earning incomes of $50,000 a year or more to be seized.

A Destructive Process

Any attempt to equalize wealth and income by forced redistribution must destroy wealth and income. We can recognize this most clearly if we begin with the extreme case. If the median income per family has been $10,000 a year, and we decide that every family must be guaranteed exactly that and no family can be allowed to retain more than that, then we will destroy all economic incentives to work, earn, improve one's skills, or save. Those who had been getting less than that would no longer need to work for it; those who had been getting more would no longer see the point in working for the surplus to be seized, or even in working at all, since their income would be "guaranteed" in any case. People could

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be got to work only by coercion; most labor would be forced labor, and very little of it would be skilled or efficient.

The so-called "instinct of workmanship," without economic rewards, would have nothing to guide it into one channel rather than another, and nothing to hold it beyond the point of fatigue. Useful and profitable work would be black-market work. Those who survived would do so at a near-subsistence level.

But the same kind of results, less extreme in degree, would follow from less extreme redistribution measures. The most fashionable of these at the moment is the Guaranteed Annual Income. I have already analyzed this at length, together with its most popular variant, the Negative Income Tax, in my book, *Man vs. the Welfare State*,[2] and will only briefly indicate the objections to it here.

A guaranteed minimum income would not have quite the universal destructive effect on incentives as would an attempt to impose a compulsorily equal income, with the ceiling made identical with the floor. At least people earning incomes above the minimum guarantee, though they would be oppressively taxed, would still have some incentive to continue earning whatever surplus they were allowed to retain. But all those guaranteed a minimum income, whether they worked or not, would have no incentive to work at all if the guaranteed minimum were above what they had previously been earning for their work; and they would have very little incentive to work even if they had previously been earning, or were capable of earning, only a moderate amount above the guarantee.

It is clearly wrong in principle to allow the government forcibly to seize money from the people who work and to give it unconditionally to other able-bodied people whether they accept work or not. It is wrong in principle to give money to people solely because they say they haven't any — and especially to support such people on a permanent and not merely on a temporary emergency basis. It is wrong in principle to force the workers and earners indefinitely to support the nonworkers and nonearners.

This must undermine the incentives of both the workers and the nonworkers. It puts a premium on idleness. It is an elementary requirement of economic incentive as well as justice that the man who works for a living should always be better off because of that, other things equal, than the man who refuses to work for a living.

[2] (New Rochelle, N. Y.: Arlington House, 1969), pp. 62-100.

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We have to face the fact that there are a substantial number of people who would rather live in near-destitution without working than to live comfortably at the cost of accepting the disciplines of a steady job. The higher we raise the income guarantee (and once we adopted it, the political pressures would be for raising it constantly), the greater the number of people who would see no reason to work.

Nor would a so-called "Negative Income Tax" do much to solve the problem. The Negative Income Tax is merely a misleading euphemism for a tapered-off guaranteed minimum income. The proposal is that for every dollar that a man earns for himself, his government income subsidy would be reduced, say, only 50 cents, instead of being reduced by the whole amount that he earns. In this way, it is argued, his incentive for self-support would not be entirely destroyed: for every dollar he earned for himself he would be able to retain at least half.

This proposal has a certain surface plausibility; in fact, the present writer put it forward himself more than thirty years ago,[3] but abandoned it shortly thereafter when its flaws became evident. Let us look at some of these:

• (1) The NIT (negative income tax), by neglecting the careful applicant-by-applicant investigation of needs and resources made by the traditional relief system, would, like a flat guaranteed income, open the government to massive fraud. It would also, like the flat guaranteed income, force the government to support a family whether or not it was making any effort to support itself.

• (2) It is true that the NIT would not destroy incentives quite as completely as the flat guaranteed income, but it would seriously undermine them nonetheless. It would still give millions of people a guaranteed income whether they worked or not. Once more we must keep in mind that there are a substantial number of people who prefer near-destitution in idleness to a comfortable living at the cost of working. It is true that under the NIT scheme they would be allowed to keep half of anything they earned for themselves up to nearly twice the amount of the basic NIT benefit, but they would tend to look upon this as the equivalent of a tax of 50 per cent on these earnings, and many would not think such earnings worth the trouble.

• (3) The NIT might prove even more expensive for the taxpayers than the flat guaranteed income. The sponsors of NIT, in their

[3] In *The Annalist* (published by *The New York Times*), Jan. 4, 1939.

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original monetary illustrations, proposed that the "break-off point" of their scheme would be something like the official "poverty-threshold" income – which is now (1972) about $4,320 for a nonfarm family of four. At this point no NIT benefits would be paid. If the family's income was only $3,320, falling short of the poverty-line income by $1,000, then a $500 NIT benefit would be paid. And if the family's earned income was zero, then a benefit of $2,160 would be paid.

But, of course, if no other government subsidy were paid to the family (and the original NIT sponsors proposed that their plan be a complete *substitute* for all other welfare payments) then the government would be paying the poorest families only *half* of what its own administrators officially declared to be the *minimum* on which such families could reasonably be expected to live. How could such a program be politically defended?

As soon as the NIT program gets into practical politics, therefore, the pressure will be irresistible to make the payment to a family with zero income at least equal to the official poverty-line income. If this means $4,320 for a family of four, say, then *some* NIT payment must be made to each family until its income reaches *twice* the official poverty-line income, or $8,640 for every family of four. And this means that even if a family were already earning much more than the official poverty-line income – say, $8,000 a year – it would still have to be subsidized by the government. "Everybody must be treated alike."

(4) This would be ruinously expensive, but it is still not the end. The subsidized families would object to paying a 50 per cent income tax (as their spokesmen would put it) on everything they earned for themselves. So they would be allowed to earn a certain amount entirely exempted from such a deduction. (Such an exemption has already been granted on self-earnings of Social Security recipients, and it is proposed in a pending Congressional bill to enact an NIT.) This would make the NIT still more crushingly expensive for the remaining taxpayers.

(5) There would be political pressures every year for increasing the amount of these exempted earnings. In fact, a 50 per cent "income tax on the poor" would be denounced as an outrage. In time the proposal would be certain to be made that *all* the self-earnings of the NIT subsidy recipients be exempted from any offsetting deductions whatever. But this would mean that once a family had

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been granted the initial minimum-income guarantee of, say, $4,320 a year, it would still be getting that full sum in addition to whatever it earned for itself. But "everybody must be treated alike." Therefore there would be no break-off point, or even any tapering off. Every family – including the Rockefellers, the Fords, the Gettys, and all the other millionaires – would get the full guaranteed income.

This end-result cannot be dismissed as mere fantasy. The principle of a government subsidy to any family, no matter how rich, is already accepted in our own Social Security scheme and in Great Britain under the name of "family allowances." It is merely that the amounts are smaller. So the Negative Income Tax, as a social measure, turns out to be only a halfway house. Carried to its logical conclusion, it becomes a uniform guaranteed handout to industrious and idle, thrifty and improvident, poor and rich alike.

• 6. It is an anticlimax to point out, but it needs to be done, that there is no political possibility that a flat guaranteed income or a "negative income tax" would be enacted as a complete *substitute* for the existing mosaic of welfare and relief measures. Can we seriously imagine that the specific pressure groups now getting veterans' allowances, farm subsidies, rent subsidies, relief payments, Social Security benefits, food stamps, Medicare, Medicaid, old-age assistance, unemployment insurance, and so on and so on, would quietly give them up, without protests, demonstrations, or riots? The overwhelming probability is that a guaranteed income or NIT program would simply be thrown on top of the whole present rag-bag of welfare measures piled up over the last thirty to forty years.

We may put it down as a political law that all State handout schemes tend to grow and grow until they bring on a hyper-inflation and finally bankrupt the State.

Land Reform

Perhaps I should devote at least one or two paragraphs here to so-called "land reform." This appears to be the most ancient of schemes for forcibly dividing the wealth. In 133 B. C., for example, Tiberius Gracchus succeeded in getting a law passed in Rome severely limiting the number of acres that any one person could possess. The typical "land reform" since his day, repeatedly adopted in backward agricultural countries, has consisted in confiscating the big estates and either "collectivizing" them or breaking them up into

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small plots and redistributing these among the peasants. Because there are always fewer such workable parcels than families, and because, though each parcel of land may be of the same nominal acreage, each has a different nature, fertility, location, and degree of development (with or without clearance, grading, irrigation, roads, buildings, and the like), each must have a different market value. The distribution of land can never be universal and can never be "fair"; it must necessarily favor a selected group, and some more than others within that group.

But apart from all this, such a measure always reduces efficiency and production. From the moment it is proposed that property be seized, its owners "mine" its fertility and refuse to invest another dollar in it, and some may not even raise another crop. It does not pay to use modern equipment on small farms, and in any case the owners are unlikely to have the necessary capital. "Land reform" of this type is an impoverishment measure.

The Henry George scheme of a 100 per cent "single tax" on ground rent would also discourage the most productive utilization of land and sites, and adversely affect general economic development. But to explain adequately why this is so would require so lengthy an exposition that I must refer the interested reader to the excellent analyses that have already been made by Rothbard, Knight, and others.[4]

Progressive Taxation

Among the "advanced" nations of the West, however, the most frequent contemporary method of redistributing income and wealth is through progressive income and inheritance taxes. These now commonly rise to near-confiscatory levels. A recent compilation[5] comparing the highest marginal income-tax rates in fifteen countries yielded the following results: Switzerland 8 per cent, Norway 50, Denmark 53, West Germany 55, Sweden 65, Belgium 66, Australia 68, Austria 69, Netherlands 71, Japan 75, France 76, United States 77, Canada 82, United Kingdom 91, and Italy 95 per cent.

Two main points may be made about these hyper-rates: (1) they are counter-productive even in raising revenues, and (2) they do hurt not only the rich but the poor, and tend to make them poorer.

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[4] Murray C. Rothbard, *Power and Market: Government and the Economy* (Menlo Park: Institute for Humane Studies, Inc., 1970), pp. 91-100. Frank H. Knight, "The Fallacies in the 'Single Tax'," *The Freeman*, Aug. 10, 1953.

[5] First National City Bank of New York.

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All the revenues yielded by the U. S. personal income tax of 1968, with its rates ranging from 14 to 70 per cent, plus a 10 per cent surcharge, would have been yielded, with the same exemptions and deductions, by a flat income tax of 21.8 per cent. If all the tax rates above 50 per cent had been reduced to that level, the loss would not have been as much as it took to run the government for a full day. In Great Britain, in the fiscal year 1964-65, the revenue from all the surtax rates (ranging above the standard rate of 41¼ per cent up to 96¼ per cent) yielded less than 6 per cent of all the revenue from the income tax, and barely more than 2 per cent of Britain's total revenues. In Sweden, in 1963, the rates between 45 and 65 per cent brought in only 1 per cent of the total national income-tax revenue. And so it goes. The great masses of the people are accepting far higher rates of income tax than they would tolerate if it were not for their *illusion* that the very rich are footing the greater part of the bill.

One effect of seizing so high a percentage of high earnings is to diminish or remove the incentive to bring such earnings into existence in the first place. It is very difficult to estimate this effect in quantitative terms, because we are comparing actualities merely with might-be's and might-have-been's. In March, 1947, the National City Bank, based on reports of the Bureau of Internal Revenue, presented the illuminating table below. (The dollar figures stand for millions of dollars.)

	1926-28 average	1942
National Income	$77,000	$122,000
Incomes over $300,000:		
Total amount	$ 1,669	$ 376
Taxes paid	$ 281	$ 292
Top tax rate	25%	88%
No. of returns	2,276	654

In other words, during the same period in which the total national income *increased* 58 per cent, total incomes over $300,000 *fell* 77 per cent. If the aggregate of such $300,000 incomes had risen proportionately to the whole national income, the total would have reached $2,644 million – seven times greater than it actually was.

A great deal more statistical analysis of this sort could instructively be undertaken not only from U. S. but many foreign income-tax returns.

It is not merely the effect of personal and corporate income taxes in reducing the incentives to bring high earnings into existence that needs to be considered, but their total effect in soaking up the sources of capital funds. Most of the funds that the present tax

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structure now seizes for current government expenditures are precisely those that would have gone principally into investment – i. e., into improved machines and new plants to provide the increased per capita productivity which is the only permanent and continuous means of increasing wages and total national wealth and income. In the long run, the high rates of personal and corporate income taxes hurt the poor more than the rich.

Equality, Once for All

A socialist proposal that used to be aired frequently a generation or two ago, but is not much heard now (when the emphasis is on trying to legislate permanent equalization of incomes), is that the wealth of the country ought to be distributed equally "once for all," so as to give everybody an even start. But Irving Fisher pointed out in answer that this equality could not long endure.[6] It is not merely that everybody would continue to earn different incomes as the result of differences in ability, industry, and luck, but differences in thrift alone would soon re-establish inequality. Society would still be divided into "spenders" and "savers." One man would quickly go into debt to spend his money on luxuries and immediate pleasures; another would save and invest present income for the sake of future income. "It requires only a very small degree of saving or spending to lead to comparative wealth or poverty, even in one generation."

Even communists have now learned that wealth and income cannot be created merely by alluring slogans and utopian dreams. As no less a figure than Leonid I. Brezhnev, First Secretary of the Soviet Communist party, recently put it at a party congress in Moscow: "One can only distribute and consume what has been produced, this is an elementary truth."[7] What the communists have still to learn, however, is that the institution of capitalism, of private property and free markets, tends to maximize production, while economic dictatorship and forced redistribution only discourage, reduce and disrupt it.

[6] *Elementary Principles of Economics* (New York: Macmillan, 1921), pp. 478-483.

[7] *The New York Times*, May 29, 1971.

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CHARLES R. LA DOW

THE WELFARE STATE

DESPITE the ever-burgeoning tax burden of our welfare state, voluntary giving by the American people goes on apace, as the number of philanthropic appeals steadily increases. Without recourse to statistics, the average person's daily mail, plus reiterations in the media, assure him of the persistent success of privately supported causes. Furthermore, the buildings and equipment of privately funded philanthropic institutions are visual proof of their vitality. Tax deductibility only partially eases the cost of giving, a cost assumed by persons of every class. The major motive for giving is clear; in this private sector, the individual is allowed to give to causes which he truly wants to support. Also, he is assured of the effectiveness of his donations by the knowledge that he can withdraw support whenever he believes an organization is no longer worthy and the certainty that such organizations are aware of his option.

The "public philanthropy" of the welfare state possesses no such motivation and no such safeguard. Based, of necessity, on class legislation, it appeals to the greed of the individual, as a member of some arbitrary, abstract group. (Private philanthropy would be in the same condition if its beneficiaries were empowered to vote upon, and lobby for, the nature and amounts of their benefits. Who would contribute to such institutions?) Since all classes of citizens, directly and indirectly, are now dependent on public largesse, it is understandable that each individual is motivated to vote so that his class, hence himself, will get the largest possible share of

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public funds. (The person is rare, indeed, who asks for a cut in wages or benefits!) Hence, we are faced with the odd spectacle of a millionaire allowing Medicare to pay for his operation, while a recipient of relief goes to the doctor every time he has a sore thumb. People of every class and political persuasion are aware of the shortcomings of governmental welfare programs; but the very nature of the process impels them to demand more of the same. There is also the haunting, long-held, fear that, if we should scrap these programs and turn to a free market, we would have a ghastly depression.

Reality suggests otherwise. Should we continue as we are doing, a terrible awakening is certain to come. The truism of economics is inescapable: "Wants are unlimited, while resources are in limited supply." We have been squandering our resources for decades, having attempted to repeal the law of supply and demand and the natural restraints it imposes. The continuing vitality of Hong Kong, surrounded by totalitarianism; the astounding recovery of war-devastated Germany and Japan; these are examples of the effectiveness of open competition. Our welfare state is even threatened, economically and militarily, by the totalitarian powers. We must awaken from our long holiday. Are the American people too effete to answer a challenge of "blood, sweat, toil, and tears?" Their record of voluntary giving and ability to rise quickly to real emergency indicates otherwise.

No Lack of Philanthropy

As to any fear that dismantling of the welfare state would dry up philanthropy in this nation and see people dying for lack of food or medical care, one need only read the daily paper to see the improbability of such happenings. Even with the load of tax-supported welfare, the people's response to individual troubles is amazing. Appeals for help for the unfortunate are usually oversubscribed; nor is such help given, or taken, in a demeaning way. As always, it is public welfare, not private charity, which is truly demeaning. Generosity and gratitude are beautiful emotions which draw persons together as no public largesse can do. Think of the good which could be done voluntarily if the funds extracted for public welfare measures were left in the hands of individuals!

The foregoing suggestion may not justly be called Brahministic or devoid of concern for the common man. The tax load of the welfare state falls most heavily on the common man, who is in no position to claim capital losses or tax

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shelters, or to pass along his tax costs in the form of higher prices. The easy road to great fortunes and the tax-free status of many of our wealthiest persons are hallmarks of the welfare state. At the other extreme, the poor man, spending most of his income for necessities, is locked into the cruel bind of tax and inflation. Who pays for the government's farm programs? The only honest reply: "The poor people in the cities." On the other hand, farmers are impoverished by rising costs of machinery and supplies due to government pampering of organized labor, plus the exorbitant taxes and interest which stem from the profligate policies of a welfare state. The true charge of Brahminism fits best those welfare policies which are designed to fasten the individual to a place in an arbitrary caste system of "benefits" while taxing away his chances of social mobility.

Failure of the current administration to even begin to dismantle the bureaucracy as promised indicates a need for major surgery. When government officials, in so many cases, seem no more aware of fundamental economic law than are their constituents, it is difficult to see how correction can come. It usually takes a great shock to shake a nation into a grand decision. The blitz-bombing did it to England. Catastrophic defeat accomplished it in West Germany and Japan. Such feats, as in England, are often ephemeral. The magic of Germany and Japan may well end in reaction. However, the debacle of 1929, which introduced our welfare state and started a movement continuing to this day, is some proof of our persistence, however perverse. Nevertheless, a steady growth of conservative opposition, both in quantity and quality, has been apparent. Those who are rebuffed are obliged to pursue education and improve their talents, while those in power grow slack. It may well be that when the next shock comes, as it surely must, voters will be ready to listen to the call to turn philanthropy back to the people.

IDEAS ON LIBERTY

William Feather

WHICH TOWN is better off, one which organizes a new uplift movement every three months, or one which opens a new factory?

The William Feather Magazine, December 1971

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CLARENCE B. CARSON

THE FOUNDING OF THE AMERICAN REPUBLIC

7

The First American Crisis: 1763-66

IT MAY WELL BE that the pivotal event for the onset of American resistance was the coming to the throne of the United Kingdom in 1760 of George III. He was the third of the Hanoverian monarchs of England, the grandson of George II who immediately preceded him, and the great grandson of George I. He was the first of this line of British rulers to be native-born, a fact he thought worth emphasizing. When George III came to the throne, he was in the first blush of manhood, and this promising young man should have been a welcome relief from the rule of his grandfather, who had no high regard for his own abilities. Indeed, the powers of the monarch had declined greatly in the unsure hands of both George I and George II. It was commonly said that ministers were kings during this earlier period, and there can be no doubt that the Whigs had dominated so long that the government was run by factions within a party rather than by political parties.

It became clear rather quickly that George III intended to change much of this. He meant to bring the executive authority into his hands and to direct the course of

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Parliament as well. George III was a man of strong will – unbendably stubborn when he had set his mind on a course – much courage, and already in grasp of some of the principles of power when he was crowned.

One of his first acts was to displace William Pitt, the Elder, from leadership of the government. Beyond that, he acted to break up the dominance of the Whig party, professing to want members of the cabinet who were the ablest instead of those who belonged to a particular party, but probably moved also to this as a means of loosening Whig rule. His method of dominating Parliament was not particularly subtle: he bought the necessary numbers by handing out sinecures to those who would do his will. He visualized himself as a patriot king who would not only restore some of the glory of monarchy but also instill pride and greatness in the people over whom he ruled. Instead, it was his lot to see the dismemberment of his empire and the British people determined to limit the power once again of a briefly resurgent monarchy.

Harsh Rule and Additional Appointments

This new king's determination to rule as well as to reign affected the colonial situation in two ways particularly. Whig ministers had generally ruled with an eye toward accommodating the Americans rather than using undue force. For example, Pitt arranged to reimburse the colonies for their effort during the French and Indian War rather than insist that they should honor requisitions without hope of return. Over the years, Parliament had permitted the colonies to legislate for themselves – subject to having their acts vetoed, of course – rather than imposing legislation upon them for their internal arrangements. As the new monarch broke up this Whig rule, he appointed officers more concerned with imposing British rule and less concerned with maintaining good trade relations which would benefit British merchants.

Secondly, the new monarch augmented his power by increasing the number of appointive positions. By appointments he rewarded his friends in Parliament and increased the number of people who owed their positions to him. This fact of political life gave George III incentive to maintain larger armies and navies as well as more civilian agents in the colonies. That such actions did not endear the monarch to his colonial subjects did not greatly trouble him during the early years of his rule.

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Writs of Assistance, 1761

It is difficult to decide exactly when the train of events got under way which led to open resistance in the colonies. The British government adopted a more rigorous enforcement of the navigation laws during the French and Indian War. As already noted, George III came to the throne in 1760. Convention has it that the train of events began in earnest in 1763. But there was one bellwether event which occurred in the colonies before that time. It involved a court case which was argued in 1761 in Massachusetts over the issuance of writs of assistance in that colony. A writ of assistance was a kind of general search warrant without a fixed date of termination which would enable officers to search for merchandise illegally brought into the colonies. Unlike a search warrant, it did not require the naming of the place to be searched or what goods were to be located. Such writs had been issued in 1755, and there were applications for new ones after George III came to the throne.

James Otis took the leadership in opposing the issuance of new writs before the court in the old townhouse in Boston. If Otis had contented himself to argue against the issuance of the writs on the grounds simply that there were few precedents for them in more recent times, the occasion might not have been remembered. But he went much further than this: he proclaimed such writs to be contrary to reason and denounced them as arbitrary and tyrannical by nature. According to John Adams' reconstruction of his speech, he said: "Every one with this writ may be a tyrant; if this commission be legal, a tyrant in a legal manner also may control, imprison, or murder any one within the realm. . . . Every man may reign secure in his petty tyranny, and spread terror and desolation around him."[1] He declared his opposition to them in emotionally charged language: "I will to my dying day oppose with all the powers and faculties God has given me, all such instruments of slavery on the one hand, and villany on the other, as this writ of assistance is."[2]

James Otis lost this particular case before the court, but he emerged from it as the man who would take the earliest leadership in presenting and arguing the American cause. His local popularity was vouchsafed in the ensuing election when he became representative for Boston in the

[1] John Braeman, *The Road to Independence* (New York: Capricorn Books, 1963), p. 14.

[2] *Ibid.*, p. 13.

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Massachusetts legislature. For the next three or four years he used his pen as well as his forensic abilities to formulate and expound the rights of Americans and the limits of British rule. Whether he would have continued his early leadership role in the later stages of resistance will never be known, for he was inactivated by bouts with insanity after 1769.

Turning Point in 1763

A cluster of events in 1763 does mark a turning point in British and American relations, as has been commonly held. Up to that point, there is no evidence of resistance to British rule, though, of course, there were objections to particular actions. To all outward appearances, Americans generally accepted British rule if it could not be said that they were always contented with it.

In retrospect, historians are apt to see that the stage was already set for independence. Trends were well on their way to fruition which prepared the way for American separation. Americans were very nearly cut loose already from the Church of England which was the religious basis of being English. Colonists had much experience in politics which prepared them for governing themselves. There was widespread sensitivity to any dangers to liberty in actions by the British government. The natural law philosophy was familiar to thinkers, and was at hand to serve as a basis both for breaking from England and erecting new governments. Feudal, mercantile, and religious restrictions were very nearly anachronisms in America already.

Even so, Americans were a long way from being ready for independence in 1763. The above were conditions which might well have continued to exist for a long while without leading to independence. Americans still professed their allegiance to the king, as they would continue to do for more than a decade. Their rights and privileges they still traced to England, and the claims to their property to royal grants. There was as yet neither a sense of unity among the continental colonies nor any factual unity, except for a common allegiance to the British monarch. The conference at Albany in 1754 had shown how little desire there was for common action by the colonists.

Resistance to Britain, then, was provoked by changes in British policies, and these began most notably with a cluster of actions in 1763. Most of what happened in 1763 was not so much the provocation of resistance as the prelude to it. One of the most momentous of the developments of that

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year was not provocative at all. It was the Treaty of Paris which brought to a conclusion the Seven Year's War. By its terms, Britain got all French territory in Canada and all territory east of the Mississippi river, except New Orleans, belonging to both France and Spain. No longer were the American colonies threatened by European powers with immediately adjacent territories. It was now much easier to think in terms of independence from Britain.

Restrictions on opening up this new territory did provoke many colonists. Pontiac's Rebellion broke out as Indians feared and resisted encroachment by the white man in the interior. The British government attemped to prevent settlement beyond the mountains by the Proclamation of 1763. The crucial part of the Proclamation is found in this prohibition: "that no governor or commander in chief of our other colonies or plantations in America, do presume for the present, and until our further pleasure be known, to grant warrant of survey, or pass patents for any lands beyond the heads or sources of any of the rivers which fall into the Atlantic Ocean from the west or north west. . . ."[3] The effect of this on colonists has been described in this way: "The establishment of the boundary line of 1763 blocked at once the plans of land companies such as the Ohio Company of Virginia which had a grant west of the line, and the schemes of new companies which planned to take up land in the Ohio and Mississippi valleys. The whole region on which men had fastened such high hopes was now reserved to the despised Indians."[4] These restrictions were particularly galling in view of the fact that taxes were shortly to be levied on the colonists to help pay for their defense.

The "Parson's Cause"

Another symptomatic event occurred in 1763. It is known as the "Parson's Cause." It was a symptom both of the potential for resistance to British impositions and of the limits to that resistance at this time. The "Parson's Cause" was a court case arising out of the payment of the Anglican clergy in Virginia. A Virginia Act of 1748 provided that each such clergyman should have an annual salary of sixteen thousand pounds of tobacco. Confronted with a crop failure in 1758, the Virginia legislature authorized

[3] Jack P. Greene, ed., *Colonies to Nation* (New York: McGraw-Hill, 1967), pp. 17-18.

[4] Merrill Jensen, *The Founding of a Nation* (New York: Oxford University Press, 1968), pp. 58-59.

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that all debts and taxes payable in tobacco could be paid at the rate of two pence per pound of tobacco, a rate of about one-third the price that tobacco was bringing. The Privy Council in England disallowed the law, and some clergymen sued for damages. The most famous suit was brought by the Reverend James Maury. The court found the law invalid and remanded the case to trial before a jury to determine the amount of damages to be paid.

The case attained its fame because of the efforts of Patrick Henry, who was one of the lawyers opposing Maury. Patrick Henry's arena was politics, and the endeavor in which he excelled was oratory. It took him a while to discover this. He was an undistinguished student. He tried his hand twice at storekeeping, and was a failure both times. His efforts at becoming a farmer met with a like reward. He then studied law briefly, and was admitted to practice at the age of 24. He rapidly acquired a sizable practice, and emerged as a popular political leader and a much sought after lawyer following the "Parson's Cause." His fiery oratory in defense of colonial rights eventually earned him a special niche in history books and a unique position among American heroes.

Enter Patrick Henry

According to the Reverend Mr. Maury, who was, of course, a biased witness, Patrick Henry 'harrangued the jury for near an hour" toward the close of the case known as "Parson's Cause." He argued that the Virginia Act of 1758 met all the qualifications of good law, and "that a King, by disallowing Acts of this salutary nature, from being the father of his people, degenerated into a Tyrant and forfeits all right to his subjects' obedience." Moreover, he declared that it was the duty of the clergy of an established church to support law, and not to be going into the courts to challenge it. The jury upheld Mr. Maury's claim, as it was informed by the court it must, and awarded him one penny's damage for his losses. British rule had been technically vindicated, but everyone perceived that Henry had, in fact, won the case. His remarks about the king's becoming a tyrant were greeted with murmurs of "treason,"[5] but neither judge nor jury reproved him. Virginians were used to maneuvers by which the will of British rulers was thwarted. There was *nothing new in this.* Henry's rhetoric was audacious, however, and the reward he received in public admiration suggests that sentiment was shifting away from

[5] See Braeman, *op. cit.*, pp. 17-19.

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ancient loyalties toward new visions.

Occasions for expressing these changing sentiments were not long in coming. In fact, a change in ministries in Britain had occurred before some of the above events which set the stage for provocative action. In April of 1763, George Grenville became Chancellor of the Exchequer and formed around him a new government. Grenville should have been able to deal with Britain's financial problems, if anyone could, for he had long experience in finance. He had served earlier as a lord of the treasury and as treasurer of the navy. Moreover, "Grenville's chief concern was revenue and economy; they were his passion, which he pursued relentlessly. . . . He could not endure the sight of red ink, an unbalanced budget, or waste and extravagance. . . ."[6] King George found him to be a bore with his interminable talk of money, but Grenville was the man given the task of doing something, and do something he did from 1763 to 1765.

George Grenville's ministry was responsible for two major lines of action on the American colonies. One was the tightening of administration and enforcement of the laws. The other was the passage of laws which were aimed at raising revenue from the colonies. An apparently casual action by Parliament in 1763 set the stage for much that followed. In March of that year funds were voted for maintaining a standing army in America. This was handled without much ado, since there was already an army in America in connection with the war. Grenville had a more direct hand in stationing naval vessels in America. He was First Lord of the Admiralty, and had much to do with getting the law passed which effected this. "The law gave naval officers power to act as customs officials. . . . By the autumn of 1763, naval vessels were cruising in American waters from Newfoundland to the West Indies, with their officers and crews on the alert for the profits to be gained from the capture and successful prosecution of illegal traders."[7] A profound change was occurring between Britain and her colonies; the decision to have military force available was a prelude to increased exercise of authority by Britain. This change could be made with little fanfare because it did not differ on the surface from what had just been done during the French and Indian War.

[6] John C. Miller, *Origins of the American Revolution* (Boston: Little, Brown and Co., 1943), p. 83.

[7] Jensen, *op. cit.*, p. 45.

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That Grenville meant business should have been clear from his orders to customs officials in 1763. Appointments to major customs posts in the colonies had long been sinecures for Englishmen. Quite often they drew their pay while continuing to reside in Britain. Grenville decreed that henceforth they must reside in America. Many who held such positions resigned rather than to go to live in the colonies, and new officers were appointed in their stead.

Grenville took the lead in getting much new legislation for the colonies in 1764. The key piece of legislation is the one usually referred to as the Sugar Act, though it dealt with a great deal more than sugar. The act lowered the duties on molasses coming into the colonies, prohibited the importation of rum, added items to the enumerated lists, and provided strenuous regulations on shipping for its enforcement. The greatest departure from precedent in it was that it was designed to raise revenue. The preamble reads, in part: "Whereas it is expedient that new provisions and regulations should be established for improving the revenue of this kingdom . . .: and whereas it is just and necessary, that a revenue be raised, in your Majesty's said dominions in America, for defraying the expences of defending, protecting, and securing the same; we . . . have resolved to give and grant unto your Majesty the several rates and duties herein after mentioned."[8]

Regulations on Shipping

Even more galling to many people involved may have been the onerous regulations on shipping from the British West Indies. Captains of vessels had to have affidavits, certificates, definitive listings of goods, and had to post bond. Moreover, the burden of proof that he had in every way complied with the law was placed on the shipper in order to reclaim a vessel after it had been seized by the authorities. The Act read, in part: ". . . if any ship or goods shall be seized for any cause of forfeiture, and any dispute shall arise whether the customs and duties for such goods have been paid, or the same have been lawfully imported or exported, or concerning the growth, product, or manufacture, of such goods . . . , the proof thereof shall lie upon the owner or claimer. . . ."[9] In addition, the act provided mandatory decisions for juries, partially, at least, taking discretion from them. "The result of these provisions was to free customs officers from virtually all responsibility for their actions. . . . Small wonder

[8] Greene, *op. cit.*, p. 19.
[9] *Ibid.*, p. 24.

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that the Americans fought back."[10]

The Currency Act of 1764 was yet another attempt of the British government to impose its authority. This act forbade the colonies south of New England to make any further issues of paper money which would be legal tender in any sense. They were now to be at the mercy of a money situation which was artificially tipped in favor of Britain.

The colonists had hardly had time to take in the implications of the Sugar Act when Parliament passed the Stamp Act. It was passed in March of 1765. The Stamp Act required that after November 1, 1765, stamps be used on all legal papers, commercial papers, liquor licenses, land instruments, indentures, cards, dice, pamphlets, newspapers, advertisements, almanacs, academic degrees, and appointments to office. The money collected from the sale of stamps was to go to the British treasury to be used for expenses incurred in America. This act was the most clear-cut departure from tradition yet made by the British government, for it placed a direct tax on the Americans, something that had not been done before.

It was followed in very short order by an indirect taxing measure, an act known as the Quartering Act, passed in May of 1765. The act provided for the quartering of troops in the facilities of colonial governments, in alehouses and inns, and in unoccupied dwellings. So far, so good, but the act also provided that "all such officers and soldiers, so put and placed in such barracks . . . be furnished and supplied there by the persons to be authorized or appointed for that purpose . . . with fire, candles, vinegar, and salt, bedding, utensils for dressing their victuals . . . without paying any thing for the same. That the respective provinces shall pay unto such person or persons all such sum or sums of money so by them paid. . . ."[11] In short, the colonies were to be indirectly taxed for the maintaining of troops in quarters; they might levy such taxes themselves, but they were to be compelled to do so.

However, the fat was already in the fire well before news of the Quartering Act had reached America. Resistance was mounting in America even before the Stamp Act was passed. Some were alarmed by the revenue aims of the Sugar Act, perceiving in it a violation of the principle of taxation without representation. "When it was learned in Boston that the British government intended to collect duties on foreign molasses, the merchants appointed

[10] Jensen, *op. cit.*, p. 51.

[11] Greene, *op. cit.*, p. 44.

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a corresponding committee to consolidate the opposition of the Northern merchants to the Sugar Act and to 'promote a union and coalition of their councils.' "[12] The New York legislature denied the justice of duties placed on the trade of New Yorkers, and declared that it was their right to be free of involuntary taxes.[13]

But it was resistance to the Stamp Act that drew the colonies together in a unity of opposition. Opposition was shaping up even before the act was passed. Nor was Parliament wanting in opponents of the taxing idea. When Charles Townshend asked: "Will these Americans, children planted by our care, nourished up by our indulgence . . . , will they grudge to contribute their mite . . .?" He was answered in resounding terms in a speech by Sir Isaac Barré:

> They planted by your care? No! Your oppressions planted 'em in America. They fled from your oppression. . . .
>
> They nourished by your indulgence? They grew up by your neglect of 'em. As soon as you began to care about 'em, that care was exercised in sending persons to rule over 'em. . . .
>
> They protected by your arms? They have nobly taken up arms in your defence. . . .[14]

This was the famous "Sons of Liberty" speech, for Barré used the phrase in describing the Americans, and it came to be used as the basis of organizations in America. Befort the Stamp Act was passed, several colonial legislatures went on record as opposing it. All this was to no avail, the die had been cast in 1764, and Parliament proceeded to the enactment of a direct tax.

American Sentiment Misread

Not only was Parliament misinformed as to the probable reception of the act in America, but even colonial agents representing colonies in England had misjudged American sentiment and determination. Several agents accepted commissions as stamp agents, actions which they were to regret. Even the usually prudent Benjamin Franklin caused friends to be appointed stamp agents and expressed himself of the opinion that the wise course would be to abide by the law.[15]

Whether it would have been wise to do so or not, obedience was not the course followed in America. On the contrary, Americans moved from opposition to resistance to outright defiance. Colonial legislatures adopted resolu-

[12] Miller, *op. cit.*, p. 101.
[13] Jensen, *op. cit.*, pp. 94-95.
[14] *Ibid.*, pp. 63-64.
[15] See Lawrence H. Gipson, *The Coming of the Revolution* (New York: Harper Torchbooks, 1962), p. 83.

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tions against the tax. Virginia led the way under the prodding of Patrick Henry. He charged that the Stamp Act was an act of tyranny and was reported to have declared: "Tarquin and Caesar had each his Brutus, Charles the First his Cromwell, and George the Third —" The Speaker of the House interrupted him to declare that he had spoken "Treason!" With only a brief pause, Henry continued: "— may profit by their example! If *this* be treason, make the most of it."[16] Not all of Henry's resolutions were adopted by the House of Burgesses (though they were all published in newspapers elsewhere), but, of those that were, the following gives the crux of the argument:

> *Resolved.* That the taxation of the people by themselves, or by persons chosen by themselves to represent them, who can only know what taxes the people are able to bear, or the easiest method of raising them, and must themselves be affected by every tax laid on the people, is the only security against a burthensome taxation, and the distinguishing characteristick of British freedom, without which the ancient constitution cannot exist.[17]

Massachusetts sought to go beyond the action of separate resolutions by colonial legislatures to some sort of common action. The assembly of that colony, therefore, sent out a call for a congress. It was fulfilled, at least partially, by the meeting of the Stamp Act Congress in New York in October of 1765. Six legislatures sent delegates, and three other colonies were represented by delegates not so formally chosen. The delegates in Congress assembled affirmed their allegiance to the king and their willing subordination to Parliament when it acted properly. But they resolved that there were limits to this authority, some of which they spelled out:

> That it is inseparably essential to the freedom of a people, and the undoubted right of Englishmen, that no taxes be imposed on them but with their own consent, given personally or by their representatives. . . .
>
> That the only representatives of the people of these colonies are persons chosen therein by themselves, and that no taxes ever have been or can be constitutionally imposed on them, but by their respective legislatures.[18]

The most dramatic action, of course, was direct action. The groundwork was laid for direct action by the Committees of Correspondence, and much of it was done by the Sons of Liberty. The first effort was to secure the res-

[16] *Ibid.*, p. 87.

[17] Richard B. Morris, *The American Revolution* (Princeton: D. Van Nostrand, 1955), p. 90.

[18] *Ibid.*, p. 91.

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ignation of stamp agents, without whom the stamps could not readily be distributed. In some colonies, stamp agents resigned when they perceived the temper of the people. In others they held out for awhile, and were subject to threats, abuse, and humiliation. The case of Jared Ingersoll of Connecticut who had accepted an appointment as stamp agent while in England as colonial representative shows the lengths to which crowds went sometimes to secure a resignation. "They caught Ingersoll at Wethersfield and silently and pointedly led him under a large tree. They parlayed for hours . . . , with Ingersoll squirming, arguing and refusing to resign. The crowds . . . grew so large and threatening that finally Ingersoll read his resignation to the mob and yielded to the demand that he throw his hat in the air and cheer for 'Liberty and Property.' "[19]

No Stamps Available

So successful was this direct effort that on the day that the Stamp Act was to go in effect there were no stamps available in the mainland colonies. The question became now whether business would go on as usual in defiance of the law. If the law were observed, ships would not sail, courts would not hold sessions, newspapers would not be published, and much of life would come to a standstill. Many newspapers continued to be published; ships sailed, and some courts carried on business. In short, the colonists operated in defiance of the law.

Parliament was confronted with a crisis in America, one of its own making, when it convened in December of 1765. However, the king's speech opening the session acknowledged only that "matters of importance have lately occurred in some of my colonies in America. . . ."[20] Even so, Parliament had to take some kind of action. It had to take Draconian measures to achieve enforcement, or it had to back down. Grenville's ministry had already fallen, and a new government was organized under the leadership of Rockingham. With the matchless orator, William Pitt, Earl of Chatham, taking the lead in the debate for repeal, the House voted 275 to 167 for repeal on February 22, 1766. The bill was signed into law on March 18. However, Parliament refused to yield on the principle, for it insisted on passing the Declaratory Act, which went into effect on the same day that the Stamp Act was repealed. The Declaratory Act tried to make up in unyielding language for what had, in fact, been yielded. It declared, in part: "that the

[19] Jensen, *op. cit.*, p. 113.

[20] Gipson, *op. cit.*, p. 105.

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King's majesty, by and with the advice and consent of the lords spiritual and temporal, and commons of *Great Britain,* in parliament assembled, had, hath, and of right ought to have, full power and authority to make laws and statutes of sufficient force and validity to bind the colonies . . . in all cases whatsoever."[21]

The theoretical issue was joined, but the crisis had passed — for the moment.

This was the first American crisis. It was the first because for the first time all the colonies were drawn together in action and resistance to Britain. Heretofore, they had been separate, linked only by their common allegiance to Britain; now, they had been linked without that tie in common sentiment and for a common cause. Not only that, but they had seen Britain falter before their resolution and back down.

Several other points need to be made about this crisis. One is that it was provoked by British action. Parliament was the innovator, abandoning precedent to tax the colonies, extending itself to direct taxation, which hardly anyone in America would admit was its right. The colonists were defending; in an important sense, they were conservative, for they were attempting to preserve the rights and privileges they had enjoyed. Another point is that the course on which Parliament was bent was potentially tyrannical. Force was being assembled in America; Parliament was moving to take colonial control of their domestic affairs from them. Thirdly, the colonists based their arguments on the rights of Englishmen and the British constitution. They were not rebelling; they were resisting what they perceived as unconstitutional action.

The colonists drew a line beyond which they said Parliament was not to go. They denounced direct taxes imposed from without, and distinguished between internal and external taxation, the latter some theorists held to be acceptable. Parliamentary leaders learned from this debacle. Never again would they act so directly on America. They would now try by less direct means to accomplish their object. But the Americans had been aroused; henceforth, every act of Parliament would be examined with great care to see if there was in it a potentiality for oppression. Such acts were not long in coming.

[21] Greene, *op. cit.*, p. 85.

Next: British Acts become Intolerable.

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Toward Liberty

THE STORY is told that whenever Professor Ludwig von Mises encountered a gleam of originality in a paper submitted by a student, he would urge that student to develop the perception or insight in a systematic way. The sixty-six authors who have contributed to the two volumes of *Toward Liberty*, a collection of essays offered by the Institute for Humane Studies ($10.00) in honor of Mises on the occasion of his ninetieth birthday, are all, in one sense or another, graduates of the Mises "praxeological" school, students of "human purposive activity" (the quotation is from Murray Rothbard). What we have here, then, is originality as sparked by the most fecund economic teacher of our times, a vast expansion of perceptions that could not have been developed by one man alone. Yet, as surely has been the case with Mises' own seminar students, the sixty-six contributors to *Toward Liberty* would certainly admit that they stand on the shoulders of one man alone, which gives Mises something of the stature of an Atlas. (Need we add that his particular Atlas, unlike the flawed figure in the title of Ayn Rand's novel, has never "shrugged?")

The unifying thread in these two volumes is provided by a common devotion to the principle of peaceful voluntarism, which enables "human action" to proliferate in thousands of fructifying ways that are strangled in the crib in any interventionist atmosphere. Within the basic unity, however, the diversity of the sixty-six essays presents an insuperable obstacle to the reviewer. Many of the essays concentrate on the dire effects of state intervention in the economic processes of relatively

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free societies. Other papers focus on the impossibility of calculation in societies that have gone most of the way to communism. A few authors pay their specific disrespects to the late Lord Keynes. Since the contributors come from seventeen different countries, it is interesting to observe what local conditions have done to affect specific approaches to voluntarism. Then there are the essays which seem to depart from the Misesian line but which really do not when one considers that in the wider Misesian market "all human values are offered for option," even the values that affect economics only by indirection.

The richness of the books is evident in the multiplication of stray observations that defy current orthodoxies. Picking at random, we have Paul Poirot's observation that the most polluted properties are those not clearly subject to private ownership – rivers, streets, parks, schools and the body politic, to mention a few. Hans Sennholz notes an irony in Milton Friedman's efforts to get away from the orthodox gold standard – "monetary freedom," says Sennholz, "would soon give birth to a 'parallel standard'" that would permit individuals to make "gold contracts," and so we would be back on a gold standard despite Friedman's efforts to do away with something that he regards as tyranny.

Results of Intervention

Looking at thirty years of rent control in Sweden, Sven Rydenfelt notes that the rich seem to wind up with the most desirable housing, while young families have frequently to wait for years for decent space. In Yugoslavia, according to Ljubo Sirc, the attempt to superimpose an "as if" competitive system on State enterprise can't get off the ground because the founding of new enterprises remains in the hands of political bodies. The English contributors to *Toward Liberty* struggle to find scope for free choice in an advanced welfare state. Ralph Harris sees some hope in the movement toward "selectivity in welfare," but he laments that right-wing paternalists gang up with left-wing traditionalists to prevent a significantly large return to "private welfare suppliers" in insurance, medicine and education.

Writing about the struggle of Latin American countries to achieve "take-off," Ulysses R. Dent of Guatemala remarks on the strange irony that the foreign aid ponied up by taxpayers in the capitalistic U.S.A. has provided the funds for socialistic takeovers.

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Thus we export what we profess to hate. A Mexican contributor, Alberto Salceda, speculates that it was "Essene" corruption of Biblical texts that has made Jesus seem anti-capitalist. In the non-Essene parts of the gospels Jesus frequently endorsed the Commandment that says "Thou shalt not covet," which means that he was no supporter of the envy that is at the root of modern efforts to spread "social justice" by force.

The topic of GNP – gross national product – begets a sapient observation from Giuseppe Ugo Papi of Italy that a preoccupation with macroeconomics keeps us from seeing that augmentations of the GNP start from below, in the potential of the individual. When governments try to expand the GNP by planning, they really lead to its diminution in real terms. An Irish contributor, George Alexander Duncan, thinks it odd that the governments of the United States, the United Kingdom and the French Republic have destroyed the economic basis of their Caribbean dependencies by susidizing extravagant beet-sugar production at home – and then compound the idiocy by sending "aid" to the cane-sugar countries to be wasted by politicos who neither toil nor spin.

Publishers and the Market

Henry Regnery, the dean of our conservative publishers, obviously hopes he will not be condemned for lese majesty when he points out that Mises' great work, *Human Action,* was originally published by a university press that was "neither subject to the disciplines of the market nor to the restrictions that purely market considerations impose." Actually, despite Mr. Regnery's trepidation, there was no doctrinal contradiction involved in the fact that it was a noncommercial publisher, the Yale University Press's Eugene Davidson, who accepted *Human Action* back in 1948 without the change of a single word. The Yale Press in Davidson's time (and maybe now, for all I know) was the recipient of support that was voluntarily donated by nongovernmental benefactors, which brings it within the purview of Leonard Read's "anything that's peaceful" test. A voluntarily subsidized university press is part of that wider market in which "all human values are offered for option." The voluntary subsidizers in the case of *Human Action* were getting what they paid for, which happened to be the circulation of a work which their chosen editor had rightly approved. So let Henry Regnery stop worrying; he has

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not had to make any exception from Misesian principle in writing his essay on "The Book in the Market Place."

I have merely scratched the surface in this attempt to indicate some of the riches of the two-volumed *Toward Liberty*. Sixty-six essays are too much for one review. Fortunately they are not too much for a single reader, though he will need a command of four languages to read every word that is offered "for option" by the books' editors.

▸ FIRST THINGS, LAST THINGS by Eric Hoffer (New York: Harper & Row, 1971, 132 pp., $4.95)

Reviewed by Robert M. Thornton

THE ICONOCLASTIC ex-longshoreman is in rare form in his new book. Hoffer fits none of the contemporary pigeonholes but directs his shafts of idiocy and sham wherever he finds them. Today's hunting is best on the left, and Hoffer's deadly aim picks off a number of cows held sacred by today's intellectuals. What a pleasure to read a man who nonchalantly heaves dead cats into the stuffy sanctuaries of "liberalism."

Consider his treatment of ecology. The cry is "back to nature," but Hoffer reminds us that the great achievements of civilization have come from cities and that nature has always been, in a sense, man's antagonist, something he must live with but also overcome or be destroyed. In Africa, for instance, the real battle is not against colonialism but nature. Even in the great cities of our nation, he writes, the problem is still nature — our inner natures which are turning many into primitive savages as self-discipline and outside controls are cast aside. Hoffer denies that mere expenditures of money will help the cities. The task, he writes, is to lure out the chronically poor and induce exiled suburbanites to return. One way to achieve the former is to end the welfare system, and the latter will be accomplished when city governments perform their rightful functions well and relieve taxpayers of the burden of unnecessary expenditures.

This is a book to stir up the mind, for despite his scorn for the pseudo-intellectual, Hoffer is the real thing, a man of ideas who has not gone "a'whoring after false gods." And he is an example of the best that America can produce in common men. Without family connections, social position or inherited wealth and with very little formal education, Hoffer nevertheless has been able to make his mark in the world of ideas. One hopes this won't be his last slim volume of hard thinking and clear writing.

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